

April 23, 2017 Osler Mark-up of Ver. 3

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A proposal to create Legislation.

Ontario's Fair Hydro Plan Act, 2017, if enacted

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EXPLANATORY NOTE TO BE ADDED BY LEGISLATIVE COUNSEL TO ANY FINAL BILL PRIOR TO INTRODUCTION.

[Insert explanatory note.]

[Notes re this draft:

- all numbering of provisions may need to be re-done
- will need to check all definitions to ensure (1) that they are needed; and (2) that they work properly wherever the term is used in the Bill.
- additional consequential amendments likely required still
- overall organization of provisions still TBC (for now just trying to get all of the elements drafted and will reconsider architecture later)
- need to check consistency of various phrases (e.g. *during for in respect of* reference period; *owner of RA/IA* vs. *RA/IA owner*; etc.)]

Preamble

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects.¹

The Government of Ontario has established a regulatory framework related to the generation and sale of electricity, which has promoted and continues to promote significant investment to enable phasing out of coal fired generation, modernizing sites and facilities in the Province for the generation of electrical energy and the production therefrom,² and conservation and demand management.

The Government of Ontario is committed to ensuring that the costs of these investments, and the raising of money to fund the investments,³ are allocated fairly among present and future generations of consumers.

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

¹ Note: please see the preamble of the *Green Energy Act, 2009*.

² Note: please see clause 92A (4) (b) of the Constitution, 1867: “des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production meme”.

³ Note: please see opening flush of s. 92A (4) of the Constitution Act, 1867

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PART I GENERAL

Interpretation

Definitions

1xx. (1) In this Act,

“Board” means the Ontario Energy Board; (“French”)

“clean energy adjustment” means the amount determined under section 10xx; (“French”)
 [Note - will need to check throughout the draft that references to CEA are clear as to whether it’s the total CEA in respect of a reference period vs. the portion payable by a specified consumer.][NTD: Agreed. Consider splitting this into a defined term for the rate/charge and a defined term for the global amount.]

“clean energy benefits” means, in respect of a reference period, the value of the benefits determined to be derived by the specified consumers during the reference period as a result of the clean energy initiative[, **including as a result of past, present and expected future incurrences of clean energy costs**][NTD: What does this mean?]; (“French”)

“clean energy costs” means, in respect of a reference period, the amount of the costs allocated to specified consumers during the reference period as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

- (a) the estimated costs to be incurred by the IESO under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts for,
 - (i) renewable energy generation or capacity,
 - (ii) conservation and demand management, including storage,
 - (iii) energy efficiency,
 - (iv) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed, or

- (v) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and

- (b) such other estimated costs as may be prescribed; (“French”)

“clean energy initiative” means the policies of the Government of Ontario related to,

- (a) fostering the growth of and investment in clean and renewable energy sources and technologies,
- (b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies, and
- (c) promoting conservation and demand management; (“French”)

“cumulative IESO funding shortfall” means, at any point in time, the sum of all prior IESO funding shortfalls minus any consideration received by the IESO from the sale of regulatory assets;

“electricity vendor”⁴ means the IESO, a licensed distributor, a licensed retailer or such other person as may be prescribed; (“French”)

“estimated finance amount” means the amount calculated pursuant to the regulations;

“fair adjustment” means the determination of the rate payable for electricity in accordance with Part II; (“French”)

“fair allocation” means ●;

“fair allocation amount” means the amount calculated pursuant to section 15xx;

“Financial Services Manager” means Ontario Power Generation Inc. [or such other person or entity as may be appointed as the Financial Services Manager by the Minister under section **]; (“French”) **[NTD: Consider a bifurcation of the FSM duties into (i) preparation and update of the Financing Plan and (ii) administration of the investment asset. See s. 14xx.]**

“Financing Plan” means the plan prepared under section X, as amended from time to time in accordance with this Act; (“French”)

⁴ Note - this is similar to the definition of “electricity vendor” in the Ontario Rebate for Electricity Consumers Act, 2016

“financing entity” means ●;

“funding obligation” means a payment obligation incurred by or on behalf of an investment asset owner under section x; (“French”) **[NTD: This revision is required because the fair allocation amount (per s. 15xx) cannot include IESO’s “funding obligations”.]**

“IESO” means the Independent Electricity System Operator continued under Part II of the *Electricity Act, 1998*; (“SIERE”)

“IESO funding shortfall” means, in respect of a calendar month, the amount determined under section 20xx for the calendar month; (“French”)

“investment asset” means the investment asset created as described in section 22xx; (“French”)

“investment asset owner” means a financing entity that acquires an investment interest in the investment asset; (“French”) **[NTD: Should this reference any person to whom the investment interest is transferred to pursuant to section 26xx or reference a secured party who acquires an investment asset as a result of enforcement? See note to 22xx(3).]**

“investment interest” means an ownership interest in the investment asset, which entitles an investment asset owner to the rights and benefits specified in the agreement under which the ownership interest is transferred;

“invoice amount” means the amount, determined in accordance with subsections (2.1) and (2.2) and the regulations, that is payable by a specified consumer for the provision of electricity in Ontario during a period of time specified on an invoice issued by an electricity vendor; (“French”)

“licensed distributor” means a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a distribution system; (“French”)

“licensed retailer” means a person who is licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity; (“French”)

“Minister” means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; (“ministre”)

“prescribed” means prescribed by the regulations; (“prescrit”)

“reference period” means,

- (a) the period beginning on May 1, 2017 and ending on October 31, 2017,
- (b) every six-month period following the period mentioned in clause (a) or such shorter period as may be prescribed, in any event ending no later than April 30, 2047; (“French”)

“refinancing” means a repayment or repurchase of a funding obligation for cancellation by or on behalf of an investment asset owner by applying the net proceeds obtained by the owner incurring one or more other funding obligations; (“French”)

“regulation” means a regulation made under this Act; (“règlement”)

“regulatory asset” means the right established under section X to recover the IESO funding shortfall; (“French”)

“regulatory asset owner” means ●;

“representative consumer” means a consumer who meets the criteria set out in subsection (3); (“French”) **[NTD: Move to regs.]**

“specified consumer” means,

- (a) a person who has an account with an electricity vendor for the supply of electricity[, receives an invoice in respect of the account][**NTD: Why is this limitation required?**] and meets the criteria set out in subsection (2); or
- (b) such other person as may be prescribed; (“French”) **[NTD: Move to regs.]**

“Toronto Hydro” means Toronto Hydro-Electric System Limited; (“French”) **[NTD: Move to regs.]**

“transfer” means an assignment, conveyance, disposition or sale; (“French”)

Specified consumers

(2) For the purposes of clause (a) of the definition of “specified consumer” in subsection (1), the person must meet any one of the following criteria: **[NTD: Move to regs.]**

- 1. The person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed.

2. The person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed.
3. The person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or the has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22 (6) of that Act.
4. The person's account with the electricity vendor relates to,
 - i. a dwelling,
 - ii. a property within the meaning of the *Condominium Act, 1998*,
 - iii. a residential complex within the meaning of subsection 2 (1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act, or
 - iv. a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*.
5. The person satisfies such criteria as may be prescribed.

Invoice amount

(2.1) Subject to subsection (2.2) and the regulations, the invoice amount for a specified consumer includes the following amounts: **[NTD: Move to regs.]**

1. In circumstances where the electricity is provided by a licensed distributor or a licensed retailer, the following:
 - i. The commodity price of the electricity used during the invoice period.
 - ii. The rates and charges set out in the applicable rate order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998*.
 - iii. Any adjustment on the invoice required under section 25.33 of the *Electricity Act, 1998*.
 - iv. The amount of any harmonized sales tax payable [by the consumer?] under Part IX of the *Excise Tax Act (Canada)*;

- v. Any other amounts as may be prescribed.
- 2. In circumstances where the electricity is provided by the IESO, such amounts as may be prescribed. (“French”)

Same, exclusions

(2.2) Except as otherwise prescribed by the regulations, the invoice amount does not include any of the following amounts: **[NTD: Move to regs.]**

- 1. The balance of any amounts carried forward from previous invoices.
- 2. Penalties or interest.
- 3. Charges that do not relate to the use of electricity. **[NTD: What about service charges for the delivery of electricity, etc.? Also, why is this worded slightly differently than in OREC?]**
- 4. Any of the following charges that may be set out in an order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998*:
 - i. A fixed monthly service charge payable by a generation facility within the meaning of section 56 of the *Ontario Energy Board Act, 1998* and classified as “microFIT”.
 - ii. A charge labelled as a “specific service charge” or “retail service charge”. **[NTD: What is intended here?]**
 - iii. A rate rider. **[NTD: What is intended here? LDCs have lots of rate riders on their tariff sheets, most of which are legitimate costs tied to the supply of electricity.]**
- 5. Any other prescribed amounts.

Representative consumer

(3) For the purposes of the definition of “representative consumer” in subsection (1), the consumer, **[NTD: Move to regs. This only works if all “specified consumers” fall into the residential rate class; otherwise, non-residential consumers will get residential rates.]**

- (a) purchases electricity directly from Toronto Hydro;

- (b) has an account with Toronto Hydro that falls within a residential-rate classification as specified in a rate order made by the Board under section 78 of the *Ontario Energy Board Act, 1998*;
- (c) is invoiced by Toronto Hydro on a monthly basis;
- (d) is not invoiced by Toronto Hydro for electricity on an equal monthly payment plan or an equal billing plan; and
- (e) uses, on average, 750 kilowatt hours of electricity each month.

Transfer

(4) For greater certainty, a transfer of the regulatory asset or a portion of the regulatory asset includes any act of the IESO by which the IESO purports to dispose of its interest in the regulatory asset with the result of a specified person becoming the owner of an investment interest. [NTD: Consider moving to s. 22xx]

Effect of invalidity, etc.⁵

2xx. (1) For greater certainty, all of the provisions of this Act remain in full force and effect, even if some provisions are held to be invalid, the intention of the Legislature being to give separate and independent effect to the extent of its powers to every provision contained in this Act.

Same, funding obligation

(2) The fact that any provision of this Act is held to be invalid or ceases to be in effect for any reason does not affect or invalidate a funding obligation, or any rights or obligations associated with such funding obligations, that was incurred under this Act before the day that the provision was held to be invalid or ceased to be in effect.

Purpose

3xx. (1) The purposes of this Act are,⁶

- (a) to ensure that clean energy costs are fairly allocated among present and future specified consumers over time; and
- (b) to recognize that clean energy benefits that have accrued and that will accrue over time will continue to benefit present and future electricity consumers in the Province.

⁵ Note: this is from the *Climate Change Mitigation and Low-carbon Economy Act, 2016*

⁶ Note: Please see the *Electricity Act, 1998* for much of the wording proposed in this section.

Crown bound

4xx. This Act binds the Crown.

Protection and assurances

Prohibition

5xx. (1) The Crown shall not do anything that would,

- (a) hinder, delay, impair or prejudice the charging, collection or remittance of the clean energy adjustment;
- (b) except as expressly permitted by this Act, reduce the amount of the clean energy adjustment or lower the priority of the clean energy adjustment in relation to other charges or amounts used by specified consumers in connection with the supply of electricity;
- (c) adversely affect any rights of the IESO or other party to transfer the regulatory asset or the consequences of any such transfer; or
- (d) adversely affect the regulatory asset, an investment asset or a funding obligation.

Clarification with respect to regulations

(2) For greater certainty, the things prohibited under subsection (1) include the making or approving of a regulation under this Act.

Agreements

(3) The Minister may, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of or in relation to this Act, including agreements regarding financial commitments, financial arrangements, guarantees, indemnities or similar transactions, including entering into agreements guaranteeing that if the IESO fails to carry out its obligations under this Act for any reason, including because the IESO is dissolved or restructured or because it comes insolvent, the Government of Ontario shall carry out those obligations or ensure they are carried out by another appropriate entity.

PART II FAIR ADJUSTMENT

Fair adjustment, May 1, 2017 to April 30, 2018 [NTD: Minister's release post-OEB RPP announcement suggests a start date later than May 1.]

Definition

6xx. (1) In this section,

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“average baseline invoice amount” means the average monthly electricity invoice amount that would be payable by a representative consumer under the average baseline rate; (“French”)

“average baseline rate” means the average commodity rate that would be payable effective May 1, 2017 by the class of consumers prescribed by the regulations under the *Ontario Energy Board Act, 1998* for the purposes of subsection 79.16 (1) of that Act, as determined by the Board by applying the method prescribed by the regulations under clause 79.16 (1) (b) of that Act; (“French”) **[NTD: Consider the application of this clause in light of the April 20 rate cut announced by the OEB.]**

“sub-meter customer” means a person who is supplied electricity by a specified consumer, if an invoice for the electricity is issued to the person by the specified consumer, by an agent of the specified consumer or by a unit sub-meter provider providing unit sub-metering for the specified consumer; (“French”)

Rate determination

(2) Subject to subsection (3), [to more fairly measure and allocate the clean energy costs and clean energy benefits among present and future generations of specified consumers,] the commodity rate for electricity payable by a specified consumer for the period beginning on May 1, 2017 and ending on April 30, 2018 is the average rate that would be payable by a representative consumer in order for the representative consumer to receive a monthly electricity invoice amount that is **[25][NTD: Consider implications of the April 20 rate cut announced by the OEB.]** per cent less than the average baseline invoice amount.

Sub-meter customers

(3) A specified consumer who provides electricity to a sub-meter customer and any unit sub-meter provider who provides unit sub-metering for the specified consumer shall ensure that the commodity rate payable by each sub-meter customer is the commodity rate determined under subsection (2).

Determining commodity rate

- (4) The commodity rate mentioned in subsection (2) shall be,
- (a) determined by the Board within seven business days after this section receives Royal Assent; and
 - (b) effective as of the first day of the calendar month immediately following the determination.

[NTD: Consider whether it is necessary to override any Section 78 order, retailer agreement, or s. 79.16 of the Act (since it remains) in the same way language of s. 79.16 (beginning) does.]

Transition

(5) If, for technical or operational reasons, an electricity vendor, specified consumer or unit sub-meter provider is unable to adapt its invoices to comply with this section by the time it issues its first invoice for electricity consumed on or after May 1, 2017,

- (a) the electricity vendor, specified consumer or unit sub-meter provider shall adapt its invoices as soon as possible and, in any event, no later than [August 1, 2017]; and
- (b) the electricity vendor, specified consumer or unit sub-meter provider shall ensure that any specified consumer or sub-meter customer invoiced at a commodity rate higher than the applicable commodity rate receives the difference between the commodity rate shown on their invoice and the applicable commodity rate as a lump sum credit on the first invoice issued after the invoices have been adapted or by such other means as may be prescribed by the regulations. **[NTD: (1) See comment above regarding May 1 start date, and (2) LDCs have to change commodity rate now every six months. What would prompt the need for this?]**

Fair adjustment, May 1, 2018 to April 30, 2022

7xx. The Lieutenant Governor in Council may, [to more fairly measure and allocate the clean energy costs and clean energy benefits among present and future generations of specified consumers,] make regulations prescribing the commodity rate for electricity payable by specified consumers and sub-meter customers during the period beginning on May 1, 2018 and ending on April 30, 2022. **[NTD: What about including interest on funding obligations in the Fair Adjustment in this period, or in the prescribed commodity rate? (See Section 16xx(4)(b) which seems to permit some funding obligations in the charging of CEAs during the first 5 years as long as the funding obligations are under the total fair allocation).]**

PART III CLEAN ENERGY ADJUSTMENT

[NTD: Consider inserting the provisions re how it's calculated here.]

Specified consumers to pay clean energy adjustment

8xx. (1) Upon receipt of an invoice that includes a clean energy adjustment, a specified consumer shall pay the clean energy adjustment to the electricity vendor, as agent of the investment asset owners, in accordance with such terms of payment as may

be specified in the invoice, which may include terms relating to late payment fees and interest charges.

Same

- (2) For greater certainty, subsection (1) applies regardless of,
- (a) whether the clean energy adjustment is inconsistent with the fair allocation calculation applicable at the time when the payment is due; and
 - (b) whether the clean energy adjustment relates to funding obligations that were incurred in a manner that was inconsistent with the Financing Plan.

Indebtedness of specified consumer

(4) An unpaid clean energy adjustment that is required to be paid by a specified consumer under this section constitutes indebtedness of the consumer to each investment asset owner in respect of each owner's respective interest in the investment asset.

Same

(5) The indebtedness mentioned in subsection (4) is a single and separate debt obligation owed by the specified consumer and may be enforced independently from any other payment obligation or indebtedness owing by the specified consumer under the invoice or otherwise.

Irrevocability of clean energy adjustment

9xx. (1) The amount of the clean energy adjustment shown on an invoice issued to a specified consumer under this Act is determinative of the amount of the consumer's indebtedness created by the adjustment and is irrevocable upon invoicing the consumer and may not be set off or by passed.

Exception

[NTD: The LDCs should not calculate the clean energy adjustment. The mechanics should, like the fair adjustment, be a non-discretionary calculation done by the OEB.]

Determination of clean energy adjustment

10xx. (1) The clean energy adjustment payable by all specified consumers in respect of a reference period shall be determined as follows:

1. Calculate the estimated finance amount for the reference period in accordance with Schedule 1 and such additional rules as may be prescribed.

2. Add the true up amount for the reference period, as determined in accordance with the prescribed method, to the estimated finance amount calculated under paragraph 1.

[Note: Here the clean energy adjustment is a large amount, not a rate.]

True up amount

(2) For the purposes of paragraph 2 of subsection (1), the Lieutenant Governor in Council may make regulations prescribing the method for determining the true up amount, having regard to the following principles:

1. The true up amount should serve to ensure that the collection of the clean energy adjustment is sufficient to pay the actual finance amount when it is due.
2. The method for determining the true up amount should take into account historical and reasonably foreseeable,
 - i. differences between amounts billed and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, and
 - ii. variations in billings due to variations in electricity consumption.

IESO to issue remittance notice to electricity vendors

11xx. (1) The IESO shall, in accordance with the regulations, issue a remittance notice to each electricity vendor for the electricity vendor's portion to be collected from specified consumers in accordance with section 12xx(2), as determined in accordance with the regulations, of the clean energy adjustment in respect of a reference period.

[NTD: Is the remittance notice in addition to, or separate from, the IESO's settlement processes?]

IESO to collect

(2) The IESO shall, as an agent of the investment asset owners, collect the clean energy adjustment from electricity vendors in accordance with the monthly settlement process set out in the market rules made under section 32 of the *Electricity Act, 1998*, or as may be prescribed.

Collection account

(3) All of the following amounts received by the IESO shall, until paid to or for the benefit of the investment asset owner in accordance with subsection (5), be deposited promptly into an account established for the purposes of collecting those amounts:

1. Amounts described in subsection 12 (5).

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2. Payments made by specified consumers directly to the IESO as electricity vendor under subsection 8 (1).
3. Payments collected by the IESO pursuant to subsection 11 (2).

Same, held in trust

(4) All amounts received by the IESO in respect of the clean energy adjustment, including without limitation all amounts received under subsection 11xx(3), and all proceeds of any such amounts shall, until paid to or for the benefit of the investment asset owner in accordance with subsection (6), be received and held by the IESO in trust for the benefit of the investment asset owners or a secured party to whom a security interest in an investment interest is granted under this Act, and for greater certainty any trust created by or established in accordance with this Act shall be a true trust and not a deemed trust. [NTD: This Act or the PPSA? To confirm.]

IESO to remit

(5) The IESO shall remit amounts received by it in respect of the clean energy adjustment to or for the benefit of the investment asset owners in accordance with the regulations.

Collection of outstanding amounts, regulatory asset

(6) If the total clean energy adjustment payable by specified consumers in respect of a reference period is less than the amount contemplated to be payable under the applicable fair allocation calculation made by the Financial Services Manager under Part IV, the IESO may collect the difference from specified consumers to reduce any outstanding IESO funding shortfall.

Electricity vendor to invoice specified consumers

12xx. (1) The electricity vendor shall issue an invoice to each specified consumer of the clean energy adjustment in accordance with the regulations. [NTD: The clean energy adjustment should be a charge.]

Electricity vendor to collect

(2) Each electricity vendor shall, as an agent of the IESO and the investment asset owners, collect the clean energy adjustment from specified consumers.

Pro rating of payments

(3) If an electricity vendor receives a payment made by or on behalf of a specified consumer in respect of amounts payable under one or more invoices and the amount paid is less than the total amount payable, the electricity vendor shall allocate the payment on

a pro rata basis to the clean energy adjustment and other amounts payable under the relevant invoices in respect of electricity charges for the same invoice period.

Held in trust

(4) All of the following amounts received by an electricity vendor and all proceeds of any such amounts shall, until paid to or for the benefit of the investment asset owner in accordance with subsection (5), be received and held by each electricity vendor in trust for the benefit of the investment asset owners or a secured party to whom a security interest in an investment interest is granted under this Act, and for greater certainty any trust created by or established in accordance with this Act shall be a true trust and not a deemed trust **[NTD: Or the PPSA?]**:

1. Payments received from or on behalf of specified consumers under subsection 8 (1).
2. Portions of payments received from or on behalf of specified consumers under subsection 8 (1) that are allocated to the clean energy adjustment under subsection (3).
3. Payments received from or on behalf of specified consumers under subsection 12xx(2).
4. Portions of payments received from or on behalf of specified consumers under subsection 12xx(3).
5. Any proceeds arising from the exercise and enforcement of any rights and interests under or in respect of the investment asset.

Remittance to IESO

(5) Each electricity vendor other than the IESO shall remit amounts described in subsection (5) to the IESO for the benefit of the investment asset owners or secured parties in accordance with the regulations.

Regulations

(6) If an electricity vendor fails, in the manner described in the regulations, to comply with the requirements of this section, the IESO shall take such steps as the regulations may prescribe. **[NTD: Is this the intent? Otherwise this clause as drafted makes no sense.]**

PART IV IMPLEMENTATION

FINANCIAL SERVICES MANAGER

Appointment

13xx. (1) [Note: To be elaborated.]

Termination

(2) The Minister may by written order terminate the appointment of an appointee as the Financial Services Manager if,

- (a) the Minister has advised the appointee that the Financing Plan is either inconsistent with or is being implemented in a manner that is inconsistent with the principles set out in section x;
- (b) the appointee has been afforded a reasonable opportunity to consider and address the inconsistency; and
- (c) the appointee is unwilling or unable to address the inconsistency to the satisfaction of the Minister.

Replacement

(3) Upon terminating an appointment, the Minister may, in accordance with the regulations, appoint a new person or entity as the Financial Services Manager.

Duties and powers

14xx. (1) The Financial Services Manager shall perform the duties assigned to it under this Act and may [NTD: See also s. 17xx] administer the investment asset on behalf of the investment asset owners.

Same

(2) The administration of the investment asset may include the following:

- 1. Providing information, in accordance with the regulations, to the Board in respect of funding obligations and the determination of the clean energy adjustment in accordance with section XX.
- 2. Providing information to electricity vendors, including the IESO, in respect of obligations under Part III.
- 3. Such other matters as may be prescribed.

For clarity, a person other than the Financial Services Manager may administer the investment asset on behalf of the investment asset owners.

Review of costs

(3) The Board shall review the administrative costs of the Financial Services Manager in accordance with the regulations.

FAIR ALLOCATION AMOUNT

Financial Services Manager to calculate fair allocation amount

15xx. (1) The Financial Services Manager shall calculate the fair allocation amount for the purposes of,

- (a) fairly measuring and allocating the estimated clean energy costs and estimated clean energy benefits among the specified consumers in respect of each reference period; and
- (b) aligning funding obligations that may be incurred during each reference period with the allocation of the estimated clean energy costs and estimated clean energy benefits across present and future generations of specified consumers.

Amount

(1.1) The fair allocation amount in respect of a reference period is the sum of the following amounts:

1. The amount, if any, by which the estimated [clean energy costs] [clean energy benefits] to be allocated to specified consumers in respect of the reference period exceeds the estimated amount of [the global adjustment] that would be borne by the specified consumers in respect of clean energy costs [in the absence of this Act]. **[NTD: We do not understand what this clause is intended to do. In addition, there should not be references to global adjustment as the allocation also includes energy costs (e.g. if global adjustment goes negative).]**
2. An allocable portion of the value of any fair adjustment, determined in accordance with subsection (3).

Principles

(2) In calculating the fair allocation amount [or in developing the fair allocation calculation?], subject to subsection (3), the Financial Services Manager shall have regard to the following principles:

1. Clean energy costs allocated to the specified consumers in respect of a reference period should be allocated in proportion to the clean energy benefits attributed to the specified consumers in respect of the reference period.
2. The clean energy benefits attributed to the specified consumers in respect of a reference period should be determined based on *[Insert principles]*.
3. The fair allocation calculation should include reasonable assumptions regarding the following:
 - i. The time value of money or the rate of inflation, for the purpose of equating nominal amounts over time.
 - ii. The expected number of specified consumers for each reference period.
 - iii. The expected electricity consumption rates for each reference period.

Allocation of fair adjustment

(3) If, before the Financial Services Manager has calculated the fair allocation amount in respect of a reference period, a fair adjustment has been made under Part II in respect of the reference period, the calculation shall include a portion of the value of the fair adjustment in the fair allocation calculation for each future reference period. **[NTD: Unclear.]**

Amendments to the fair allocation calculation

(4) The Financial Services Manager may amend the fair allocation calculation from time to time, as the Financial Services Manager considers appropriate, having regard to the requirements of this Act.

Submission of fair allocation to Minister

(5) The Financial Services Manager shall provide to the Minister the fair allocation calculation and any amendments to the fair allocation calculation.

Effective date

(6) The fair allocation calculation or an amendment to the fair allocation calculation takes effect on the day that is 30 days after the fair allocation calculation or the amendment, as the case may be, is provided to the Minister in writing.

Publication

(7) The Minister shall ensure that the fair allocation calculation and any amendments to it are made available to the public in a manner that the Minister considers appropriate.

FINANCING PLAN

Financial Services Manager to prepare Financing Plan

16xx. (1) The Financial Services Manager shall prepare and provide to the Minister a written plan entitled the Financing Plan to be used by the Financial Services Manager to evaluate whether potential funding obligations should be incurred or potential transfers should be made for the purposes of this Act.

Principles

(2) In preparing the Financing Plan, the Financial Services Manager shall have regard to the following principles:

1. Any incurrence of a funding obligation should reasonably align the estimated finance amount determined under Schedule 1 that would become due and payable during a reference period with the fair allocation amount determined for the reference period under this Part as of the time of the incurrence, in each case after reducing the fair allocation calculation by the amount of any fair adjustment for the reference period. **[NTD: This is already built into the calculation of the fair allocation amount in s. 15xx(1.1)(2).]**
2. Incurrences and transfers should be implemented in a manner that, as the Financial Services Manager considers to be reasonable, is cost effective and reflects prevailing market terms and conditions.
3. Reasonable assumptions should be made regarding such matters as may be prescribed.

[Note for reference: List of items for consideration in regulation: (a) anticipated IESO funding shortfalls and related transfer amounts; (b) the maturities of funding obligations; (c) the availability of refinancings, redemption opportunities and liquidity terms and conditions in order to achieve the objective contemplated in section X(1)(a); (d) the availability of currency and interest rate hedging facilities for the purpose of mitigating any differences between the estimated finance amounts becoming due and payable during a reference period and the fair allocation amount for the reference period; (d) the amount and potential variability of interest rates and related financing costs; (e) available capital markets in which funding obligations may be incurred.]

Amendments to approved plan

(3) The Financial Services Manager may amend the Financing Plan at any time, without the approval of the Minister, subject to the requirements set out in this section.

Limitation, first five year period

(4) In respect of each reference period from May 1, 2017 to April 30, 2022, no funding obligation shall be incurred that would result in a clean energy adjustment for the reference period unless,

- (a) no fair adjustment has been made under Part II in respect of the reference period; or
- (b) if a fair adjustment has been made under Part II in respect of the reference period, the funding obligations incurred would not be payable during the reference period in an amount that exceeds the [difference between the fair allocation amount for the reference period and the amount of the fair adjustment for the reference period]. **[NTD: This is unclear.]**

Confidentiality of plan

(5) The Financing Plan is deemed to be a record subject to section 17 of the *Freedom of Information and Protection of Privacy Act*.

Implementation of Financing Plan

17xx. (1) Funding obligations shall be incurred and transfers shall be made in material conformity with the applicable Financing Plan. **[NTD: Revised to accommodate the comment on the definition of FSM about bifurcating the role.]**

Same

(2) For greater certainty, section 17xx(5) applies despite the failure of the Financial Services Manager to comply with subsection (4).

Financing entities

(3) In accordance with the Financing Plan, the Financial Services Manager may establish or cause to be established one or more financing entities that may incur funding obligations and make transfers.

Prohibition

(4) The Financial Services Manager shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, the Board, the Province or the Lieutenant Governor in Council, except to the extent that any of these persons or entities may be liable to perform obligations or duties arising under this Act or under the express terms of a funding obligation or other agreement.

Financing Plan compliance

(5) No funding obligation incurred and no transfer made by the Financial Services Manager shall be affected by any inconsistency with the Financing Plan, including any inconsistency with the principles set out in section X.

Confidential – Draft for discussion purposes only

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PART V THE REGULATORY ASSET

Interpretation, portion of regulatory asset

18xx. If a transfer under this Part provides for the transfer of a portion of the regulatory asset, any references in this Part to the regulatory asset are deemed to be references to the portion of the regulatory asset transferred.

[Note: This is meant to assist with clarity in the subsequent provisions.]

Variance account

19xx. (1) The Board shall issue an accounting order authorizing the IESO to:

1. Establish a variance account for the purposes of this Act.
2. Record the IESO funding shortfall in the variance account from time to time.
3. Recover the IESO funding shortfall in accordance with section X and the regulations. **[NTD: Accounting orders don't allow for recovery. They are normally cleared via a rate order (after application).]**

No hearing

(2) The order of the Board shall be made in writing and without holding a hearing.

No appeals, etc.

(3) No appeal lies from the order of the Board.

IESO funding shortfall

20xx. (1) The IESO shall determine the amount of the IESO funding shortfall for each month in the following manner:

1. Calculate the sum of all invoice amounts that would have been issued to specified consumers for the month if Part II of this Act did not apply.
2. Calculate the sum of all invoice amounts issued to specified consumers for the month.
3. Subtract the amount calculated under paragraph 2 from the amount calculated under paragraph 1, and make any other adjustments as may be prescribed.

Same

(2) To the extent that the IESO funding shortfall for any month is based on an estimate of the electricity to be used by specified consumers, the IESO shall record an adjustment in the variance account in the following month to reflect the difference between the estimate and the electricity actually used by specified consumers. [NTD: Why would it be based on an estimate?]

Recording of IESO funding shortfall

(3) IESO shall record the cumulative IESO funding shortfall from time to time, including adjustments resulting from the exercise of the right of recovery under section 21 and any transfer under section 22, in the variance account.

Recording determinative

(4) A recording of the IESO funding shortfall, including any adjustment or transfer, in the variance account is determinative of the amount of cumulative IESO funding shortfall at the time of the recording.

Regulatory asset established

21xx. (1) The IESO has the right, exercisable in accordance with this Act and the regulations, to recover the cumulative IESO funding shortfall.

Same, restrictions

(2) The IESO's right to recover the cumulative IESO funding shortfall under subsection (1) is subject to the following:

1. The IESO shall not be entitled to collect any of the cumulative IESO funding shortfall from specified consumers before May 1, 2022.
2. The process by which the IESO may recover the cumulative IESO funding shortfall shall be established by the Board, having regard to the amount of the cumulative IESO funding shortfall from time to time and the [fair allocation calculation].[NTD: See Section 15xx "Fair Allocation Amount".]
3. Such other restrictions as may be prescribed.

Transfer of regulatory asset

22xx. (1) The IESO may transfer all or a portion of the regulatory asset to any financing entity under the Financing Plan, which transfer creates the investment asset.

Same

(2) Upon receipt of any payment in consideration for the transfer of the regulatory asset,

- (a) the IESO shall record the payment as a reduction of the IESO funding shortfall in the variance account; for clarity, the IESO funding shortfall shall not include any investment asset interest; and
- (b) the IESO shall have no further right, title or interest in, or any obligations in respect of the investment asset created by the transfer.

Same

(3) Upon transfer, the financing entity becomes an investment asset owner and acquires an investment interest. **[NTD: This subsection and the definition imply that the investment asset owner will always be a financing entity (which may or may not be created pursuant to subsection 17xx(3)). The financing entity and any trustee will be Ontario entities, so the various provisions related to the perfection of security interests etc. (e.g. in section 28xx) should work; however, if it is contemplated that the investment asset could be transferred to a non-Ontario entity pursuant to section 27xx or as a result of enforcement, further transfers may be subject to another jurisdiction's laws and another jurisdiction's laws related to the granting and perfection of security interests may apply. Conflict of laws rules will then apply.]**

Validity of transfer

23xx. (1) A transfer of a regulatory asset under this Act is a valid and enforceable sale and absolute transfer to the investment asset owner of the regulatory asset, and the investment asset created by the transfer shall be immediately vested in the transferee.

Same

(2) Without limiting subsection (1), any transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer, and not merely as a security interest, and upon the absolute transfer the transferor shall retain no right, title or interest in the regulatory asset, including all rights to recover the cumulative IESO funding shortfall.

Deemed perfection, etc.

(3) At the time a transfer of a regulatory asset is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons or any other persons.

PART VI THE INVESTMENT ASSET

Interpretation, investment asset

24xx. If a transfer under this Part provides for the transfer of an investment asset, any references in this Part to the investment interest are deemed to be references to the specific investment interest transferred.

Investment asset established

25xx. (1) The investment asset constitutes a current and irrevocable property right and interest consisting, collectively, of the following rights and interests without duplication: [NTD: See Torys comments from the prior draft.]

1. The right to impose, bill, invoice, collect and receive the clean energy adjustment from specified consumers, including the right to determine the amount of the clean energy adjustment in accordance with this Act.
2. The right to receive and collect all amounts in respect of the clean energy adjustment that are imposed, billed and invoiced under this Act, including any and all amounts in respect of the clean energy adjustment that are held by electricity vendors or other prescribed parties.
3. All rights and entitlements under such accounts as may be prescribed by regulation and all amounts on deposit in such accounts.
4. The right to enforce the duties and obligations under this Act of each electricity vendor to impose, attribute, charge, bill and invoice the clean energy adjustment.
5. The right to enforce the duties and obligations under this Act of each electricity vendor to collect, receive and remit amounts received by it in respect of the clean energy adjustment, including all collections and the proceeds of any enforcement action undertaken by an electricity vendor to recover payment of the clean energy adjustment.
6. All rights of any kind (whether in tort, contract or otherwise) that attach or are attendant or incidental to any of the other property rights or interests that comprise the regulatory asset owner's regulatory asset.
7. All revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs 1 to 6, regardless of whether such revenue, collections, claims, payments and proceeds are imposed, invoiced,

collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

No set off, etc.

(2) The investment asset shall not be set off or reduced by any person in any circumstance, including,

- (a) by a consumer, an electricity vendor, an agent of the investment asset owner or licensed distributor;
- (b) in connection with any default, bankruptcy, reorganization or other insolvency proceeding of a person mentioned in clause (a); or **[NTD: This provision is likely unenforceable given federal paramountcy in respect of bankruptcy and insolvency law and the claims released thereunder. See, e.g., 407 ETR Concession Co. v. Canada (Superintendent of Bankruptcy)]**
- (c) by any affiliate or successor of a person mentioned in clause (a).

Exercise of rights

(3) The rights of the investment asset owner to collect and enforce its rights and interests in, to and in respect of the investment asset against a specified consumer shall be exercised in accordance with section [xx] of the *Personal Property Security Act*.

Collective action required

(4) If the investment asset owner owns a right or interest in the investment asset that comprises less than the entire property right and interest constituted by the investment asset, the right or interest shall only be enforced by the investment asset owner collectively and in coordination with all other investment asset owners, and any agreement among that collective in furtherance of the collective action shall be valid and binding on the investment asset owner as a collective in accordance with its terms.

[Note: Successors may need to be addressed here.]

Transfer of investment interest

26xx. An investment asset owner may transfer all or a portion of its rights and interests in an investment interest to any other investment asset owner, including by way of a transfer of a divided or an undivided interest, in accordance with the Financing Plan. **[NTD: See note to 22xx(3)]**

Validity of transfer

27xx. (1) A transfer of an investment interest under this Act is a valid and enforceable sale and absolute transfer of the investment interest and confers upon the owner of the investment interest acquired a valid property right and interest in, to and

under the applicable investment interest in accordance with the terms of the transfer.
[NTD: See note to 22xx(3)]

Same

(2) Without limiting subsection (1), a transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of an investment asset owner's right, title and interest in, to and under an investment interest, and not merely as a security interest, and upon such absolute transfer the transferor shall retain no right, title or interest in the investment interest, subject to the transfer, including all rights to the investment interest arising after the transfer.

Deemed perfection, etc.

(3) At the time a transfer of an investment interest is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer, assignment, etc.

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the investment asset owner shall have priority over any liens in favour of such other persons.

Investment asset owner may grant security interest

28xx. (1) An investment asset owner may grant a security interest over all or a specified portion of its right, title and interest in, to and under the investment interest to or in favour of any person **[to secure a funding obligation]**. **[NTD: Consider whether this restriction is desirable if an investment asset owner is to be anyone other than a financing entity.]**

Validity

(2) A security interest granted under this Act shall be valid and enforceable in accordance with its terms. **[NTD: See subsection (3) – Why both this Act and the PPSA?]**

Perfection and priority of security interests

(3) All provisions of the *Personal Property Security Act* shall apply to the investment asset and each investment interest on the basis that it is intangible personal property, except as otherwise provided for in this section, and any granting of a security interest by the owner of an investment interest to secure a funding obligation shall, subject to the terms of the funding obligation, give rise to a security interest in respect of which that Act applies and may be perfected by filing a financing statement under that Act on that basis.

Proceeds

(4) All proceeds of an investment interest that are subject to the security interest and that are received by the applicable investment asset owner shall immediately be subject to the security interest and shall be perfected without any physical delivery of the proceeds, registration of any financing statement or any further act.

Perfection

(5) The security interest shall be a continuously perfected security interest and shall have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the property rights and interests in the investment interest subject to the security interest, subject to the written consent of the person to whom the security interest has been granted. **[NTD: There are super-priority liens that could have priority over this security interest under federal insolvency laws; also consider whether subsection (3) and this subsection (5) are inconsistent, since the PPSA provisions incorporated under (3) would include the priority provisions.]**

Same

(6) The person to whom the security interest has been granted shall have a perfected security interest in any amounts, revenues or other proceeds collected by the IESO in trust, including amounts that are deposited in the account to be created pursuant to subsection 11xx(3), any amounts, revenues or other proceeds collected by electricity vendors in trust pursuant to subsection 12xx(4) and any [investment asset account] or other account of any electricity vendor, the IESO, an agent of an electricity vendor or the IESO or other person, including where such person may have commingled such amounts, revenues or other proceeds with other funds.

PART VI MISCELLANEOUS

Appointment of agent, invoicing or collection

29xx. If a prescribed circumstance applies, the Lieutenant Governor in Council may by regulation appoint a person to carry out some or all of the obligations of an electricity vendor under this Act in the place of an electricity vendor with respect to invoicing or collection.

Not Crown agent

30xx. For greater certainty, no agent appointed under this Act is an agent of the Crown for any purpose, despite the *Crown Agency Act*. **[NTD: This section appears to be referring solely to agents appointed under section 29xx. Consider whether the Financial Services Manager, IESO, any financing entity and any others should be expressly listed.]**

Sequestration

31xx. (1) A court in the Province may, upon application by an investment asset owner or a secured party, order the sequestration and payment of the clean energy adjustment, collections and remittances, as applicable, for the benefit of the investment asset owner or secured party by any person or entity authorized to collect the clean energy adjustment, if such person or entity defaults on any required remittance of the clean energy adjustment, collections or remittances or fails, or indicates any intention to cease, to hold any such amounts, collections or remittances or proceeds thereof in trust and in segregated accounts as required by this Act.

Same

(2) An order under subsection (1) does not limit any other remedies available to the applicant.

Same

(3) An order under subsection (1) shall remain in full force and effect despite any bankruptcy, reorganization or other insolvency proceedings with respect to the person or entity who is subject to the order. **[NTD: The order will be likely be stayed on an insolvency and if the money has been spent rather than commingled, a sequestration order will not result in the recovery of the funds.]**

Choice of law

32xx. The law governing, as applicable, the validity, enforceability, attachment, perfection, priority and exercise of remedies with respect to the transfer of an interest or right or creation of a security interest in the regulatory asset, the investment asset, the clean energy adjustment or the undertaking of the Crown under section x shall be the laws of the Province.

Conflict

33xx. The provisions of this Act and the regulations apply despite any provision of any other Act regarding the attachment, assignment or perfection, or the effect of perfection or priority of any transfer or security interest. **[NTD: What about the PPSA?]**
[NTD: See note to 22xx(3)]

No further approvals, etc.

34xx. Despite any requirement under any Act, no approvals, notices or authorizations other than those specified in this Act are required with respect to the actions to be taken in compliance with this Act, including actions to be taken under the Financing Plan.

Immunity

35xx. (1) No action or other proceeding for damages shall be instituted against any employee of the Province, IESO, OPG or OEB for any act done in good faith in the execution or intended execution of any duty or authority under this Act or for any alleged

neglect or default in the execution in good faith of any duty or authority under this Act.
[NTD: If IESO or an electricity vendor fails to hold funds in trust as required by this Act, an action for damages or another remedy should be available.]

Same

(2) Despite subsections 5 (2) and (4) of the *Proceedings Against the Crown Act*, subsection (1) does not relieve the Crown of liability in respect of a tort committed by a person mentioned in subsection (1) to which it would otherwise be subject.

[NTD: Need to be able to disclose this without restriction to market the debt.]

Non-application, Financial Administration Act, s. 28⁷

37xx. Section 28 of the *Financial Administration Act* does not apply with respect to any transaction or agreement or undertaking required, permitted, contemplated or authorized, directly or indirectly, under this Act.

Regulations

38xx. The Lieutenant Governor in Council may make regulations,

- (a) defining any term used in this Act....
- (b) prescribing types of payment obligations that constitute funding obligations;
- (c) governing the calculation [true-up amount] and how the amount is to be applied to the clean energy adjustment.
- (d) governing the inclusion of adjustments under this Act on invoices, which may include requiring notice to be provided by electricity vendors to specified persons regarding the adjustments.
- (e) **[in respect of a financing entity.]**

[Note: reg-making powers to be dealt with in subsequent draft][NTD: This should be as broad as possible.]

PART VII AMENDMENTS TO OTHER ACTS

ELECTRICITY ACT, 1998

200x. (1) Subsection 6 (1) of the *Electricity Act, 1998* would be amended by adding the following clauses:

⁷ Note - see s. 51 of the *Electricity Act, 1998*

(q.0.1) to exercise the powers and rights and to perform the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and to engage in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including,

- (i) entering into agreements or arrangements with any person for the purposes of the *Ontario Fair Hydro Plan Act, 2017*;
- (ii) engaging in activities related to making payments to and receiving payments as contemplated under the *Ontario Fair Hydro Plan Act, 2017* and to engage in related settlement activities;
- (iii) engaging in activities related to the creation, transfer and administration of the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, which activities may include,
- (iv) incurring liabilities in relation to the regulatory asset
- (v) transferring the regulatory asset for consideration;
- (vi) acting as a recovery agent under the *Ontario Fair Hydro Plan Act, 2017*;

201x. Section 53.1 of the Act would be amended by adding the following subsections:

Same, *Ontario Fair Hydro Plan Act, 2017*

53.1 (1.1) In addition to the objects mentioned in subsection (1), the objects of Ontario Power Generation Inc. include exercising the powers and rights and performing the duties and obligations assigned to it under that Act and engaging in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including the following:

1. Entering into contracts and undertakings on behalf of special purpose financing entities, including pre-formation contracts and undertakings and as principal in relation to matters permitted by the *Ontario Fair Hydro Plan Act, 2017* subject to the right of reimbursement from amounts available to the financing entity.
2. Preparing reports on behalf of the financing entity.
3. Enforcing the rights of the financing entity.

4. Signing offering documents as sponsor or otherwise on behalf of the financing entity.
5. Exercising the powers and performing the duties of the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*
6. Issuing non-equity securities in Ontario Power Generation Inc. or on if its subsidiaries, for the purpose of raising funds to acquire debt or equity interests in a financing entity whose activities are limited to the incurrence of funding obligations pursuant to the *Ontario Fair Hydro Plan Act, 2017*.

Subsidiaries, etc.

(1.2) Ontario Power Generation Inc. may create one or more subsidiaries, trusts or special purpose entities in order to more efficiently conduct its activities or achieve its objects.

202x. Section 89 of the Act would be amended by adding the following subsection:

Exception

(4) The requirement in subsection (1) to pay an amount to the Financial Corporation does not apply in respect of amounts payable to Ontario Power Generation Inc. or a subsidiary of Ontario Power Generation Inc. as a result of its functions as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.

203x. Section 90 of the Act would be amended by adding the following subsection:

Exception

(4) The requirement in subsection (1) to pay an amount to the Financial Corporation does not apply in respect of amounts payable to Ontario Power Generation Inc. or a subsidiary of Ontario Power Generation Inc. as a result of its functions as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.

[Note: Drafting still to be added to the EA consequential amendments: *All fees charged by OPG as the FSM shall be approved by the OEB before they are included in the calculation of clean energy adjustments.*]

AMENDMENTS TO ONTARIO ENERGY BOARD ACT, 1998

204x. Subsection 1 (1) of the *Ontario Energy Board Act, 1998* would be amended by adding the following paragraph:

6. To facilitate the implementation of the [TBD - language should link up with language from new Act.]

205x. Section 70 of the Act would be amended by adding the following subsection

[Note - still need to draft new subs. 70 (2.1)]

[NTD: Is the plan to also amend the compliance/enforcement provisions of the OEB Act to bring breaches of this Act within the purview of the Board's enforcement powers?]

Short Title - this proposal for legislation would, if approved by the Legislature, have a short title to be determined by Government.

Timing – this proposal for legislation would, if approved by the Legislature, come into force on a date to be established by Government.

SCHEDULE 1 ESTIMATED FINANCE AMOUNT

[NTD: This section should be moved to the regulations. The calculations below will require careful review once the financing structure is finalized, so it is premature to include them in the legislation.]

Estimated finance amount

1. The estimated finance amount for a reference period shall be determined by estimating, prior to the start of a reference period, the sum of the following:

1. The sum of all amounts that are payable during the reference period by or on behalf of the investment asset owners to satisfy an obligation to repay, redeem or repurchase, or to provide for the repayment, redemption or repurchase, of all or a portion of the amount advanced to the owners under a funding obligation, excluding any payment made by applying the proceeds of a refinancing.
2. The sum of all funding costs for the reference period, determined as follows:
 - i. Calculate the aggregate of all interest, scheduled principal and other periodic finance charges accruing, due and becoming payable or paid by or on behalf of investment assets owners during the reference period in respect of all funding obligations, including such amounts as may be prescribed.
 - ii. Calculate the sum of the aggregate of all amounts received by or on behalf of investment asset owners during the reference period in respect of all funding obligations and such other amounts as may be prescribed.
 - iii. Subtract the amount calculated under paragraph 2 from the amount calculated under paragraph 1.
3. The sum of all amounts payable during the reference period by or on behalf of investment asset owners to redeem, prepay or repurchase a funding obligation, including any premium, make-whole or other amount becoming payable under a funding obligation to give effect to the redemption, prepayment or repurchase.
4. The balance of the finance reserve at the end of the reference period, as determined under section 3 to this Schedule.

5. The sum of any other amounts payable during the reference period by or on behalf of investment asset owners that were incurred or committed to directly or indirectly in connection with the incurrence of funding obligations under the Financing Plan during the reference period, which may include such amounts as may be prescribed.

Funding costs

2. For the purposes of paragraph 2 of section 1 to this Schedule, the funding costs for a reference period are determined by taking the following steps:

Finance reserve balance

3. (1) For the purposes of paragraph 4 of section 1 to this Schedule, the balance of the finance reserve at the end of the reference period is determined by taking the following steps:

1. Calculate the sum of all amounts deposited by or on behalf of investment asset owners during the reference period in order to pre-fund, collateralize, over-collateralize or establish reserves for the ultimate payment of funding obligations or for related contingencies specified in the Financing Plan.
2. Calculate the sum of all amounts withdrawn by or on behalf of investment asset owners during the reference period from deposits previously made as described in paragraph 1.
3. Subtract the amount calculated under paragraph 2 from the amount calculated under paragraph 1.