Connecting Today.
Powering Tomorrow.

INTERIM MARKET DOCUMENT CHANGE

Title: Ontario Rebate for Electricity Consumers

File #: **IMDC-35**

Version #: **1.0**

Part 1 – General Information

Document Affected:	"HST Guide for IESO Transactions"		
	"IMO_GDE_0002"		
Market Rule Reference(s)			
This Interim Market Document Change represents an amendment to the market document noted above. In the event of any inconsistency between the terms of this Interim Market Document Change and the terms of the affected document, the terms of this Interim Market Document Change shall prevail.			
Date Prepared:	July 14th, 2017	**Valid From:**	July 1st, 2017
		Valid To:	September 13th, 2017
Subject:	"Ontario Fair Hydro Plan (OFHP) – HST Treatment – Phase 2"		
Reason For Change:	"Update the HST guide with the OFHP charge types and its HST treatment, as a result of the Ontario Fair Hydro Plan Act, 2017"		

Part 2 – General Information

Description of Change

The information following will be included in a revision of the affected document, on or about the 'valid to' date provided in Part 1.

See Attachment A – HST Guide for IESO Transaction

Attachment A

8.3 Rural and Remote Settlement Debit/Credit

Pursuant to certain legislative amendments as a result of the *Ontario Fair Hydro Plan Act, 2017*, eligible customers from Hydro One are eligible for a new fixed Rural or Remote Electricity Rate Protection (RRRP). Hydro One will submit the amount to be reimbursed from the IESO via an on-line settlement form. The claimed amount will be paid to Hydro One through charge type 703, which is an existing charge type. This will be balanced by a charge to the Ministry of Energy (MOE) under the new charge type 1753, "MOE - Rural and Remote Settlement Debit".

There is one charge type relating to this transaction:

- MOE - Rural and Remote Settlement Debit (*charge type* 1753);

Through the MOE - Rural and Remote Settlement Debit under *charge type* 1753, the IESO will recover the funds from the Ministry of Energy.

HST Treatment

Charge type 1753 is an amount recovered from the Ministry of Energy and, as such, it is not subject to HST.

8.33 Ontario Fair Hydro Plan First Nations On-reserve Delivery

As part of the Ontario Fair Hydro Act, 2017, the First Nations On-reserve Delivery Credit (effective July 1, 2017) provides a credit to a customer of a licensed distributor that occupies residential premises located on or within a reserve and has a residential-rate account with that distributor. The amount of the delivery credit is prescribed in Ontario Regulation 197/17, First Nations Delivery Credit (On Reserve Consumers under Section 79.4 of the Act).

The distributors will claim the total amount of delivery credits paid to eligible consumers from the IESO via an online settlement form. The claimed amount will be paid to distributors through charge type 705, "Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount". This will be balanced by a charge to the Ministry of Energy (MOE) under the new charge types 755, "MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount".

The following *charge types* have been created to settle this program:

- Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount (*charge type* 705); and
- MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount (*charge type* 755).

The Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount under charge type 705 is a payment to distributors and unit sub-meter providers.

The MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount under charge type 755 is the corresponding set-off which is balanced by the IESO through a charge to the Ministry of Energy.

HST Treatment

Charge type 705 is viewed as a consideration for supply by the distributors. As such, it is subject to HST.

Charge type 755 is an amount recovered from the Ministry of Energy and, as such, it is not subject to HST.

8.34 Distribution Rate Protection (DRP) program

As part of the Ontario Fair Hydro Act, 2017, the Distribution Rate Protection (DRP) program, (effective July 1, 2017) , sets maximum monthly base distribution charges for eligible residential customers of certain utilities. The eligibility requirements can be found in Ontario Regulation O. Reg 198/17.

The maximum monthly base distribution rate is set at least once a year by the Ontario Energy Board (OEB). As the DRP program caps the base distribution charges, distributors must calculate the actual total base distribution charge and compare this to the maximum charge approved by the OEB and charge no more than the maximum amount. The distributors will claim the difference between their total distribution charges and the distribution charges after the maximum base was applied from the IESO via an online settlement form. The claimed amount will be paid to distributors through charge type 706, "Ontario Fair Hydro Plan Distribution Rate Protection Amount". This will be balanced by a charge to the Ministry of Energy (MOE) under the new charge types 756, "MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount".

The following *charge types* have been created to settle this program:

- Ontario Fair Hydro Plan Distribution Rate Protection Amount (*charge type* 706); and
- MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount (*charge type* 756).

The Ontario Fair Hydro Plan Distribution Rate Protection Amount under charge type 706 is a payment to distributors and unit sub-meter providers.

The MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount under charge type 756 is the corresponding set-off which is balanced by the IESO through a charge to the Ministry of Energy.

HST Treatment

Charge type 706 is viewed as a consideration for supply by the distributors. As such, it is subject to HST.

Charge type 756 is an amount recovered from the Ministry of Energy and, as such, it is not subject to HST.

8.35 Ontario Fair Hydro Plan (OFHP) Financing Entity

Two charge types have been created in relation to the administrative costs and interest incurred by the "financing entity" in funding the Ontario Fair Hydro Plan (OFHP). The financing entity will claim these amounts from the IESO via an online settlement form.

Charge type 1144, "Ontario Fair Hydro Plan Financing Entity Amount" and charge type 1145, "Ontario Fair Hydro Plan Financing Entity Interest" have been created for the purpose of settling these amounts. These amounts will be balanced to an IESO variance account under charge type 1194, "Ontario Fair Hydro Plan Financing Entity Balancing Amount" and charge type 1195, "Ontario Fair Hydro Plan Financing Entity Balancing Interest".

The following *charge types* have been created to settle this program:

- Ontario Fair Hydro Plan Financing Entity Amount (*charge type* 1144);
- Ontario Fair Hydro Plan Financing Entity Interest (*charge type* 1145);
- Ontario Fair Hydro Plan Financing Entity Balancing Amount (*charge type* 1194); and
- Ontario Fair Hydro Plan Financing Entity Balancing Interest (*charge type* 1195).

HST Treatment

Charge types 1144 and 1145 are a payment for supply of administrative services by the financing entity. As such, they are subject to HST.

Charge types 1194 and 1195 are not a consideration for a supply. As such, they are not subject to HST.