

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)			
<i>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.</i>			
Date Prepared:	July 14th, 2017	Valid From:	July 1 st , 2017
		Valid To:	September 13 th , 2017
Subject:	"Ontario Fair Hydro Plan (OFHP) – HST Treatment"		
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

8.28 Ontario Electricity Support Program

Pursuant to certain amendments to the *Ontario Energy Board Act, 1998* that resulted from the *Ontario Fair Hydro Plan Act, 2017* coming into force, the Ontario Electricity Support Program (OESP), which establishes special rates for low-income consumers, will no longer be funded by ~~consumers-ratepayers~~ through a per kilowatt-hour charge to the Ontario market. Instead, funding for OESP will be paid out of money appropriated for such purposes by the Legislature once the amounts in the variance account maintained by the *IESO* are exhausted. OESP credits will continue to be settled directly by the respective local distribution companies (LDC) and unit sub-meter providers (USMP), and a central service provider (CSP) will manage the administration of OESP. The LDCs, USMPs and CSP are required to submit to the *IESO* requests for OESP payments on a monthly basis via a Settlement Online form.

Charge type 1470 will no longer be used and instead a new *charge type* has been created to settle this program:

- MOE - Ontario Electricity Support Program Balancing Amount (*charge type* 2470).

Through the MOE - Ontario Electricity Support Program Balancing Amount under *charge type* 2470, the *IESO* will collect the funds from the Ministry of Energy and distribute the OESP credits.

Commented [A11]: I was recently made aware that this charge type 1470 will no longer be used. The other charge type 1420 will still be in effect and will be used by MP's to claim their credits.

HST Treatment

Charge type 2470 is an amount recovered from the Ministry of Energy and, as such, it is not subject to HST.

8.32 Ontario Fair Hydro Plan Act

Pursuant to the *Ontario Fair Hydro Plan Act, 2017*, electricity bills will be lowered on an after-tax basis for eligible residential consumers, small businesses and farms. The reduction measure includes the 8% rebate already in effect from January 1, 2017 under the *Ontario Rebate for Electricity Consumers Act, 2016* (O. Reg. 363/16), as outlined in section 8.31 above.

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

- Ontario Fair Hydro Plan Eligible Consumer Discount Settlement Amount (*charge type* 1142);
- Ontario Fair Hydro Plan Eligible Consumer Discount Balancing Amount (*charge type* 1192);
- Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Settlement Amount (*charge type* 1143); and
- Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Balancing Amount (*charge type* 1193).

Local distribution companies (LDCs) will submit to the *IESO* the new Regulated Price Plan (RPP) amount for eligible consumers. The amount will be applied under *charge type* 1142 (Ontario Fair Hydro Plan Eligible Consumer Discount Settlement Amount), and balanced to an *IESO* variance account under *charge type* 1192 (Ontario Fair Hydro Plan Eligible Consumer Discount Balancing Amount). In addition, LDCs will submit to the *IESO* the amount for non-RPP consumers under *charge type* 1143 (Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Settlement Amount), and balanced under the *charge type* 1193 (Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Balancing Amount).

HST Treatment

Similar to RPP, *charge type* 1142 is an adjustment, either positive or negative, to the price of electricity sold to Ontario *market participants*. As such, it is subject to HST.

The payment to or from the *IESO* under *charge type* 1192 is not subject to HST as it is not a payment for a supply.

Similar to the treatment of RPP consumers, *charge type* 1143 is subject to HST.

Similar to the payment to or from *IESO* for RPP consumers, *charge type* 1193 is not subject to HST.

8.3 Rural or Remote Rate Protection (RRRP) Program

The Rural or Remote Rate Protection (RRRP) program provides a rate subsidy to eligible consumers in rural or remote areas, and has been funded by ratepayers. Pursuant to certain amendments to the *Ontario Energy Board Act, 1998* that resulted from the *Ontario Fair Hydro Plan Act, 2017* coming into force, funding for the program will be mostly shifted from ratepayers to money appropriated by the Legislature. The Ontario Energy Board has set a new lower charge to ratepayers that pay for the cost of the program. The Rural or Remote Rate Protection (RRRP) program, which provides a rate subsidy to eligible consumers in rural or remote areas, may be funded out of money appropriated by the Legislature, rather than by consumers. Eligible local distribution companies that are entitled to be compensated for lost revenue resulting from providing the rate protection Hydro One will submit to the IESO the amounts to be reimbursed and the claimed amounts will be paid through the existing charge type 703. 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 following *charge type* has been created to settle this program:

- 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.

Commented [SY2]: Do we want to list the existing charge type 703, since it's still in use?
Are there charge types that will no longer be used? We mention charge types that will no longer be used in 8.28 (OESP).

8.33 First Nations On-Reserve Delivery Credit Program

Pursuant to certain amendments to the *Ontario Energy Board Act, 1998* that resulted from the *Ontario Fair Hydro Plan Act, 2017* coming into force, the First Nations On-reserve Delivery Credit provides a credit to eligible on-reserve consumers who meet the criteria prescribed by Ontario Regulation 197/17: First Nations Delivery Credit (On-Reserve Consumers under Section 79.4 of the Act) to off-set the costs covered by the delivery line (or the monthly service charge for utilities that do not have a separate delivery line). The amount of the delivery credit is prescribed by the *OEB Act*, and the credit applies to electricity used on and after July 1, 2017.

For reimbursement, licenced distributors will submit to the *IESO* the total amount of delivery credits paid to eligible consumers. The claimed amount will be paid by the *IESO* to distributors through the new *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 type* 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 that is balanced by the *IESO* through a charge to the Ministry of Energy.

Commented [SY3]: Is that correct? Are unit sub-meter providers involved in this program too? They aren't reference in the Regulation 197/17

Commented [AJ4]: You are correct. I will remove sub-meter providers.

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 Program for Residential Consumers

Pursuant to certain amendments to the *Ontario Energy Board Act, 1998* that resulted from the *Ontario Fair Hydro Plan Act, 2017* coming into force, the Distribution Rate Protection (DPR) program establishes maximum monthly base distribution charges for eligible residential consumers. Compensation to distributors for the provision of distribution rate protection will be paid out of money appropriated for those purposes by the Legislature. The eligibility requirements for residential consumers are set out in Ontario Regulation 198/17: Distribution Rate-Protected Residential Consumers.

The maximum monthly base distribution rate is set at least once a year by the Ontario Energy Board (OEB), the first of which was set on June 22, 2017. As the DPR program caps the base distribution charges paid by most eligible consumers, 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. For reimbursement, distributors will submit to the IESO the difference between their total distribution charges and the distribution charges after the maximum base was applied from the IESO. The claimed amount will be paid by the IESO to distributors through the new *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 type* 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 that is balanced by the IESO through a charge to the Ministry of Energy.

Commented [SY5]: Again, are unit sub meter providers entitled to reimbursement under this program?

Commented [AJ6]: Correct, I will removed "unit sub-meter providers" from this sentence.

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 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. The financing entity will claim these amounts from the IESO.

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 type 1144 is a payment for supply of administrative services by the financing entity. As such, it is subject to HST.

Charge type 1145 is a financing charge and as such it is not subject to HST.

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