

EXCERPTS FROM THE ELECTRICITY ACT AND ONTARIO ENERGY BOARD ACT

RELATED TO CONSEQUENTIAL AMENDMENTS

Electricity Act, 1998

Purposes of *Electricity Act, 1998*

1. The purposes of this Act include the following:

- (a) to ensure the adequacy, safety, sustainability and reliability of electricity supply in Ontario through responsible planning and management of electricity resources, supply and demand;
- (a.1) to establish a mechanism for energy planning;
- (b) to encourage electricity conservation and the efficient use of electricity in a manner consistent with the policies of the Government of Ontario;
- (c) to facilitate load management in a manner consistent with the policies of the Government of Ontario;
- (d) to promote the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources, in a manner consistent with the policies of the Government of Ontario;
- (e) to provide generators, retailers, market participants and consumers with non-discriminatory access to transmission and distribution systems in Ontario;
- (f) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;
- (g) to promote economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity;
- (g.1) to facilitate the alteration of ownership structures of publicly-owned corporations that transmit, distribute or retail electricity;
- (g.2) to facilitate the disposition, in whole or in part, of the Crown's interest in corporations that transmit, distribute or retail electricity, and to make the proceeds of any such disposition available to be appropriated for any Government of Ontario purpose;
- (h) to ensure that Ontario Hydro's debt is repaid in a prudent manner and that the burden of debt repayment is fairly distributed;
- (i) to facilitate the maintenance of a financially viable electricity industry; and
- (j) to protect corridor land so that it remains available for uses that benefit the public, while recognizing the primacy of transmission uses. 2004, c. 23, Sched. A, s. 1; 2014, c. 7, Sched. 7, s. 1; 2015, c. 20, Sched. 9, s. 1; 2016, c. 10, Sched. 2, s. 1.

Objects of the IESO

6 (1) The objects of the IESO are,

- (a) to exercise the powers and perform the duties assigned to it under this Act, the regulations, directions, the market rules and its licence;
- (b) to enter into agreements with transmitters to give it authority to direct the operation of their transmission systems;
- (c) to direct the operation and maintain the reliability of the IESO-controlled grid to promote the purposes of this Act;
- (d) to participate in the development by any standards authority of criteria and standards relating to the reliability of the integrated power system;
- (e) to establish and enforce criteria and standards relating to the reliability of the integrated power system;
- (f) to work with the responsible authorities outside of Ontario to co-ordinate the IESO's activities with the activities of those authorities;
- (g) to operate the IESO-administered markets to promote the purposes of this Act;
- (h) to engage in activities related to contracting for the procurement of electricity supply, electricity capacity, electricity storage, transmission systems or any part of such systems and conservation resources;
- (i) to engage in activities related to settlements, payments under a contract entered into under the authority of this Act and payments provided for under this Act or the *Ontario Energy Board Act, 1998*;
- (j) to engage in activities in support of the goal of ensuring adequate, reliable and secure electricity supply and resources in Ontario;
- (k) to forecast electricity demand and the adequacy and reliability of electricity resources for Ontario for the short term, medium term and long term;
- (l) to conduct independent planning for electricity generation, demand management, conservation and transmission;
- (m) to engage in activities to facilitate the diversification of sources of electricity supply by promoting the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources;
- (n) to engage in activities in support of system-wide goals for the amount of electricity to be produced from different energy sources;
- (o) to engage in activities that facilitate load management;
- (p) to engage in activities that promote electricity conservation and the efficient use of electricity;
- (q) to assist the Board by facilitating stability in rates for certain types of consumers;
- (r) to collect and make public information relating to the short term, medium term and long term electricity needs of Ontario and the adequacy and reliability of the integrated power system to meet those needs; and
- (s) to engage in such other objects as may be prescribed by the regulations. 2014, c. 7, Sched. 7, s. 3 (1); 2016, c. 10, Sched. 2, s. 3.

Objects of Ontario Power Generation Inc.

53.1 (1) The objects of Ontario Power Generation Inc. include, in addition to any other objects, owning and operating generation facilities. 2002, c. 1, Sched. A, s. 11.

Status

(2) Ontario Power Generation Inc. and its subsidiaries are not agents of Her Majesty for any purpose, despite the *Crown Agency Act*. 2002, c. 1, Sched. A, s. 11.

Rights of the Minister

53.2 The Minister, on behalf of Her Majesty in right of Ontario, may acquire and hold shares of Ontario Power Generation Inc. 2002, c. 1, Sched. A, s. 11.

Corporations to hold shares

53.3 (1) The Lieutenant Governor in Council may cause corporations to be incorporated under the *Business Corporations Act* for the purpose of acquiring and holding shares in Ontario Power Generation Inc. 2002, c. 1, Sched. A, s. 11.

Same

(2) Shares in a corporation incorporated pursuant to subsection (1) may be acquired and held in the name of Her Majesty in right of Ontario by a member of the Executive Council designated by the Lieutenant Governor in Council. 2002, c. 1, Sched. A, s. 11.

Crown agent

(3) A corporation incorporated pursuant to subsection (1) is an agent of Her Majesty for all purposes. 2002, c. 1, Sched. A, s. 11.

Dividends paid to Crown agent

(4) If an agent of Her Majesty in right of Ontario is paid dividends in respect of shares of Ontario Power Generation Inc., the agent shall pay the dividends to the Financial Corporation, less any amount that it considers is required to pay obligations it has assumed under clause 122 (1) (a). 2002, c. 1, Sched. A, s. 11.

Reporting requirements

53.4 (1) Ontario Power Generation Inc. shall, within 90 days after the end of every fiscal year, submit to the Minister an annual report on its affairs during that fiscal year, signed by the chair of the board of directors. 2002, c. 1, Sched. A, s. 11.

Same

(2) The Minister shall submit the annual report to the Lieutenant Governor in Council and shall then table the report in the Assembly. 2002, c. 1, Sched. A, s. 11.

Same

(3) Ontario Power Generation Inc. may give its annual report to other persons before the Minister complies with subsection (2). 2002, c. 1, Sched. A, s. 11.

Additional reports and information

(4) Ontario Power Generation Inc. shall give such other reports and information to the Minister of Finance or to the Minister as each of them may require from time to time. 2002, c. 1, Sched. A, s. 11.

Residual power of the Crown

53.5 Nothing in this Part restricts the powers of Her Majesty in right of Ontario or any member of the Executive Council at common law or under any Act, whether as a shareholder or otherwise. 2002, c. 1, Sched. A, s. 11.

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Payments in lieu of federal corporate tax

89 (1) If Hydro One Inc., a subsidiary of Hydro One Inc., Ontario Power Generation Inc. or a subsidiary of Ontario Power Generation Inc. is exempt under subsection 149 (1) of the *Income Tax Act* (Canada) from the payment of tax under that Act, it shall pay to the Financial Corporation in respect of each taxation year an amount equal to the amount of the tax that it would be liable to pay under that Act if it were a corporation to which that subsection did not apply. 1998, c. 15, Sched. A, s. 89 (1); 2002, c. 1, Sched. A, s. 15 (1); 2007, c. 7, Sched. 12, s. 2.

Corridor land

(1.1) The amount payable under subsection (1) by a person or entity from whom corridor land is transferred by section 114.2 shall be determined, for the taxation year in which the transfer occurs and for subsequent taxation years, as if the transfer did not occur. 2002, c. 1, Sched. A, s. 15 (2).

Payments to Minister of Finance

(2) After Part V is repealed under section 84.1, all payments required by this section shall be paid to the Minister of Finance, instead of to the Financial Corporation. 1998, c. 15, Sched. A, s. 89 (2); 2000, c. 42, s. 31.

Commencement of new taxation year

(3) A corporation that is required to make payments under this section shall be deemed, for the purposes of this section, to commence a new taxation year on the day this section comes into force.

Payments in lieu of provincial corporate tax

90 (1) If Hydro One Inc., a subsidiary of Hydro One Inc., Ontario Power Generation Inc. or a subsidiary of Ontario Power Generation Inc. is exempt under subsection 57 (1) of the *Corporations Tax Act* from the payment of tax under that Act for a taxation year that ends before January 1, 2009, it shall pay to the Financial Corporation in respect of each taxation year ending before that day an amount equal to the total amount of tax that it would be liable to pay under Parts II, II.1 and III of that Act for that year if it were a corporation to which that subsection did not apply. 2007, c. 7, Sched. 12, s. 3 (3).

Same

(1.0.1) If Hydro One Inc., a subsidiary of Hydro One Inc., Ontario Power Generation Inc. or a subsidiary of Ontario Power Generation Inc. is exempt under subsection 27 (2) of the *Taxation Act, 2007* from the payment of tax under that Act for a taxation year that ends after December 31, 2008, it shall pay to the Financial Corporation in respect of each taxation year ending after that day an amount equal to the total amount of tax that it would be liable to pay under Divisions B, C and E of Part III of that Act for the taxation year if it were a corporation to which that subsection did not apply. 2007, c. 7, Sched. 12, s. 3 (3).

Corridor land

(1.1) The amount payable under subsection (1) by a person or entity from whom corridor land is transferred by section 114.2 shall be determined, for the taxation year in which the transfer occurs and for subsequent taxation years, as if the transfer did not occur. 2002, c. 1, Sched. A, s. 16 (2).

Payments to Minister of Finance

(2) After Part V is repealed under section 84.1, all payments required by this section shall be paid to the Minister of Finance, instead of to the Financial Corporation. 1998, c. 15, Sched. A, s. 90 (2); 2000, c. 42, s. 32.

Commencement of new taxation year

(3) A corporation that is required to make payments under this section shall be deemed, for the purposes of this section, to commence a new taxation year on the day this section comes into force. 1998, c. 15, Sched. A, s. 90 (3).

Ontario Energy Board Act, 1998

1 (1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
- 1.1 To promote the education of consumers.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
4. To facilitate the implementation of a smart grid in Ontario.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities. 2004, c. 23, Sched. B, s. 1; 2009, c. 12, Sched. D, s. 1; 2015, c. 29, s. 7.

Licence conditions

70 (1) A licence under this Part may prescribe the conditions under which a person may engage in an activity set out in section 57 and a licence may also contain such other conditions as are appropriate having regard to the objectives of the Board and the purposes of the *Electricity Act*, 1998. 1998, c. 15, Sched. B, s. 70 (1).

Approvals, etc., with or without holding hearing

(1.1) The Board may, with or without a hearing, grant an approval, consent or make a determination that may be required for any of the matters provided for in a licensee's licence. 2009, c. 12, Sched. D, s. 10.

Examples of conditions

(2) The conditions of a licence may include provisions,

- (a) specifying the period of time during which the licence will be in effect;
- (b) requiring the licensee to provide, in the manner and form determined by the Board, such information as the Board may require;
- (c) requiring the licensee to enter into agreements with other persons on specified terms (including terms for a specified duration) approved by the Board relating to its trading or operations or for the connection to or use of any lines or plant owned or operated by the licensee or the other party to the agreement;

- (d) governing the conduct of the licensee, including the conduct of,
 - (i) a transmitter or distributor as that conduct relates to its affiliates,
 - (ii) a distributor as that conduct relates to a retailer,
 - (ii.1) a distributor or suite meter provider as such conduct relates to,
 - (A) the disconnection of the supply of electricity to a consumer, including the manner in which and the time within which the disconnection takes place or is to take place, and with respect to a low-volume consumer, periods during which the disconnection may not take place,
 - (B) the manner, timing and form in which the notice under subsection 31 (2) of the *Electricity Act, 1998* is to be provided to the consumer, and
 - (C) subject to the regulations, the manner and circumstances in which security is to be provided or not to be provided by a consumer to a distributor or suite meter provider, including,
 - (1) the interest rate to be applied to amounts held on deposit and payable by the distributor or suite meter provider to the consumer for the amounts,
 - (2) the manner and time or times by which the amounts held on deposit may or must be paid or set-off against amounts otherwise due or payable by the consumer,
 - (3) the circumstances in which security need not be provided or in which specific arrangements in respect of security may or must be provided by the distributor or suite meter provider to the consumer, and
 - (4) such other matters as the Board may determine in respect of security deposits,
 - (iii) a retailer, and
 - (iv) a generator, retailer or person licensed to engage in an activity described in clause 57 (f) or an affiliate of that person as that conduct relates to the abuse or possible abuse of market power;
 - (d.1) governing conditions relating to any matter prescribed by regulation in respect of retailers of electricity in relation to the retailing of electricity, subject to any regulations made under this Act;
 - (e) specifying methods or techniques to be applied in determining the licensee's rates;
 - (f) requiring the licensee to maintain specified accounting records, prepare accounts according to specified principles and maintain organizational units or separate accounts for separate businesses in order to prohibit subsidies between separate businesses;
 - (g) specifying performance standards, targets and criteria;
 - (h) specifying connection or retailing obligations to enable reasonable demands for electricity to be met;
 - (i) specifying information reporting requirements relating to the source of electricity and emissions caused by the generation of electricity;

- (j) requiring the licensee to expand or reinforce its transmission or distribution system in accordance with market rules in such a manner as the IESO or the Board may determine;
- (k) requiring the licensee to enter into an agreement with the IESO that gives the IESO the authority to direct operations of the licensee's transmission system;
- (l) REPEALED: 2016, c. 10, Sched. 2, s. 15.
- (m) requiring licensees, where a directive has been issued under section 28.2, to implement such steps or such processes as the Board or the directive requires in order to address risks or liabilities associated with customer billing and payment cycles in respect of the cost of electricity at the retail and at the wholesale levels and risks or liabilities associated with non-payment or default by a consumer or retailer. 1998, c. 15, Sched. B, s. 70 (2); 2003, c. 3, s. 47 (1); 2004, c. 23, Sched. B, s. 11 (1-3); 2010, c. 8, s. 38 (10, 11); 2016, c. 10, Sched. 2, s. 15; 2017, c. 1, s. 2 (1).

Deemed conditions of licences, transmitters and distributors

(2.1) Every licence issued to a transmitter or distributor shall be deemed to contain the following conditions:

1. The licensee is required to provide, in accordance with such rules as may be prescribed by regulation and in the manner mandated by the market rules or by the Board, priority connection access to its transmission system or distribution system for renewable energy generation facilities that meet the requirements prescribed by regulation made under subsection 26 (1.1) of the *Electricity Act, 1998*.
2. The licensee is required to prepare plans, in the manner and at the times mandated by the Board or as prescribed by regulation and to file them with the Board for approval for,
 - i. the expansion or reinforcement of the licensee's transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and
 - ii. the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system.
3. The licensee is required, in accordance with a plan referred to in paragraph 2 that has been approved by the Board or in such other manner and at such other times as mandated by the Board or prescribed by regulation,
 - i. to expand or reinforce its transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and
 - ii. to make investments for the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system. 2009, c. 12, Sched. D, s. 10.

Deemed condition of licences, unit sub-meter provider, *Ontario Clean Energy Benefit Act, 2010*

(2.2) Every licence issued to a unit sub-meter provider is deemed to contain the condition that the unit sub-meter provider is required to comply with the *Ontario Clean Energy Benefit Act, 2010* and the regulations made under it. 2010, c. 26, Sched. 13, s. 17 (2).

Deemed condition of licences, unit sub-meter provider, *Ontario Rebate for Electricity Consumers Act, 2016*

(2.3) Every licence issued to a unit sub-meter provider is deemed to contain the condition that the unit sub-meter provider is required to comply with the *Ontario Rebate for Electricity Consumers Act, 2016* and the regulations made under it. 2016, c. 19, s. 17 (2).