FAIR ALLOCATION AMOUNT

Minister to prepare initial calculation of fair allocation amount

15xx. (1) The Minister shall calculate a fair allocation amount in respect of each reference period, having regard to the need to align that amount with the finance amount payable during the reference period, for the purpose of fairly measuring and allocating the estimated clean energy costs and estimated clean energy benefits among the specified consumers in respect of the reference period.

Timing of initial calculation

(1.1) The Minister shall calculate a fair allocation amount in respect of each reference period by the date that is **[20]** business days after the day this Act receives Royal Asset.

Certification

(1.2) The Minister shall certify to the Financial Services Manager the initial calculation of the fair allocation amount for each reference period, including the assumptions, methodology, accuracy of information and numbers used in such calculation. The assumptions and methodology for such calculation shall be set out in the regulations.

Financial Services Manager to update calculation

(1.3) For the reference periods commencing May 1, 2018, the Financial Services Manager shall prepare an updated calculation of the fair allocation amount in respect of each such reference period, as and when deemed necessary or appropriate by the Financial Services Manager but no less seldom and every five years, using the assumptions and methodology for such calculation set out in the regulations and updated information from the relevant parties. Any update to the fair allocation calculation shall be effective in accordance with subsections (4) and (5).

[NTD: OPG expects the method for the update calculation to be very prescriptive and set out in detail in the regulations. The regulations would also compel the IESO, OEB, LDCs and other relevant agencies to provide OPG with the necessary information to do the update calculation. OPG expects to use the model put together by the Province for the initial calculation and input the updated data from the agencies into the model to calculate the updated fair allocation amounts.]

Access to information

(1.4) The Minister shall make available, or cause to be made available, in a timely manner to the Financial Services Manager, all such information, including information from the IESO, the Board and electricity vendors, as requested by the Financial Services Manager to prepare updates to the calculation of the fair allocation amount.

Amount

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

1. The amount, if any, by which, if this Act had not been enacted, the estimated clean energy costs and estimated clean energy benefits allocated to specified consumers in respect of the reference period would have exceeded the estimated amount of the adjustments provided for under section 25.33 of the *Electricity Act, 1998* and the regulations made under that provision that would have been borne by the specified consumers in respect of clean energy costs for the reference period.

2. A portion of the value of any fair adjustment that has been made under Part II in respect of any previous reference period.

Principles

(2) In calculating the estimated clean energy costs and estimated clean energy benefits to be allocated to specified consumers in respect of a reference period, the Minister or the Financial Services Manager, as applicable, shall have regard to the following principles:

1. Clean energy costs allocated to 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 allocated to the specified consumers in respect of a reference period should be determined in accordance with the regulations.

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 in respect of each reference period.

    iii. The expected electricity consumption rates in respect of each reference period.

4. Such other principles as may be prescribed.

Method

(3) The Minister or the Financial Services Manager, as applicable, shall calculate a fair allocation amount in accordance with such methods as the Minister or Financial Services Manager, as applicable, considers appropriate, having regard to the requirements of this Act.

Provision of updates to Minister

(4) The Financial Services Manager shall provide the Minister written notification of any updates to the calculation the fair allocation amount made pursuant to subsection (1.3).

Effective date

(5) The fair allocation calculation or an amendment the fair allocation calculation by the Minister takes effect on the day that is 30 days after the fair allocation calculation or the amendment, as the case may be, is provided by the Minister to the Financial Services Manager. Any update to the fair allocation calculation prepared by the Financial Services Manager shall be effective 30 days after such update is provided to the Minister.

Publication

(6) 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.