Q&A Response

Q. What would the ratepayer benefit be from removing conservation from bills?

Removing conservation costs (i.e., $428 million in 2016) from the Global Adjustment (GA) and funding it through the tax-base and/or the Greenhouse Gas Reduction Account (GGRA) would reduce electricity bills for all consumers.

In 2016, residential bills would have been reduced by about $2.40 per month for a Toronto Hydro consumer using 750 kWh per month.

Similarly, Class B commercial and small industrial bills would have been reduced by about $3 per MWh, while Class A large industrial bills would have been reduced by $2 per MWh.

Q. Alternatively, what would the ratepayer benefit be from "amortizing" conservation?

Amortizing conservation costs over a 15-year period would initially reduce residential bills by about $1.62 per month for a Toronto Hydro consumer using 750 kWh per month.

This benefit would reduce over time as the amortized amount accrued interest, and by the end of the amortization period costs would be higher than status quo assuming continued investment in conservation initiatives.

	2017	2018	2019	2020	2021	2022
Residential bill impact ($/month)	1.62	1.88	1.16	1.20	0.82	0.69
Class A – Industrial bill impact ($/MWh)	1.12	1.30	0.80	0.83	0.57	0.47
Class B – Commercial and small Industrial bill impact ($/MWh)	2.16	2.51	1.55	1.60	1.09	0.92

Q. What would the ratepayer benefit be from eliminating the cost shift from large industrials to small electricity consumers through the Industrial Conservation Initiative?

Removing the cost shift related to the Industrial Conservation Initiative (ICI) would reduce electricity bills for <u>all</u> non-participating consumers (i.e., residential and Class B commercial and small industrial).

In 2016, residential bills would have been reduced by about $5.25 per month for a Toronto Hydro consumer using 750 kWh per month, while Class B commercial and small industrial consumer would have been reduced by $7 per MWh.

Note: The cost shift from large industrial to small electricity consumers was about $900 million in 2016.

Q. What would the ratepayer benefit be from removing DRC from bills?

The Debt Retirement Charge (DRC) has already been removed from residential bills. For all other consumers the DRC is scheduled to be removed by April 2018.

Eliminating DRC earlier would save $7/MWh for all non-residential consumers. This would represent a 4% reduction for a Class B commercial and small industrial consumer.

Note: The fiscal impact would be about $260 million for 2017-18 if implemented in April 2017.