Ontario

BACKGROUNDER

Ministry of Energy

Refinancing the Global Adjustment

Refinancing the Global Adjustment (GA) will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time. The GA covers the cost of providing adequate electricity generating capacity and conservation programs in Ontario. Many of the generating facilities that have been developed recently are expected to operate past their contract life. Refinancing a portion of the Global Adjustment now allows benefits to consumers today. The GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available.

Rate Smoothing Mechanism

The majority of the province's electricity generators are under 20-year contracts. Many of these generators will continue to provide value to the electricity system beyond their contract lives. There is an opportunity to recognize the long-term benefit of these assets to the electricity system and "bring forward" that benefit for ratepayers today by deferring some of the current costs. GA refinancing would spread these costs over a longer period and provide immediate ratepayer relief. By recognizing that some generation assets are expected to continue to provide residual benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.

The government intends to introduce legislation to enable the IESO and OPG to work together to finance the GA over a longer period of time.

Cost Savings

The average consumer could save approximately XX a month for the first five years, including the rebate of an amount equal to the provincial portion of the HST. Cost impacts are based on a forecast for a Toronto Hydro residential consumer that uses 750 kWh per month. Actual ratepayer savings would vary due to differences in consumption patterns and electricity distributors.

For media inquiries only call:

ontario.ca/energy-news
Disponible en français

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca

Natasha Demetriades, Communications Branch, 416-326-5452
natasha.demetriades@ontario.ca

Ontario

BACKGROUNDER

Ministry of Energy

Energy Sector Efficiencies

Ontario's commitment to lowering energy costs for ratepayers will include working with the province's agencies to identify opportunities to drive efficiency and productivity improvements while delivering meaningful rate mitigation strategies for ratepayers.

The Ontario Energy Board (OEB)

- The Ontario Energy Board (OEB) regulates and licences more than 70 Local Distribution Companies (LDCs) in the province.
- The OEB will identify opportunities for cost efficiencies by:
  - Encouraging shared partnerships on services between utilities, which will help reduce costs and encourage further innovation for small to medium sized utilities
  - Reviewing business cases behind its regulatory requirements to reduce "red tape" and eliminate costs that LDCs indicate are creating pressures on operating expenses
  - Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.

Independent Electricity System Operator's (IESO) Market Renewal initiatives

- The IESO plans for the province's electricity needs, balances the supply and demand for electricity in Ontario in real time and administers conservation programs.
- The IESO and stakeholders have begun a Market Renewal Project that is intended to enhance the efficiency and performance of the wholesale electricity market.
- Changes related to IESO's Market Renewal initiatives are estimated to save at least $200 million per year, starting in 2021.

Ontario Power Generation (OPG)

- OPG's current application would have resulted in an average $1.05 per month impact on customer bills, on an annual basis for the 2017-2021 application period, if accepted by the OEB.
- This regulatory change would reduce average bill impacts to $0.62 per month on an annual basis; a 40% reduction relative to OPG's current application.

Long-Term Energy Plan 2017

- The Ministry of Energy has commenced work on the development of the next Long-Term Energy Plan (LTEP) after receiving feedback from the public, stakeholders and indigenous communities during the engagement process that took place from October to January 2017.
- Ontario is in a strong electricity supply situation and well-positioned to meet demand at this time. The LTEP process is designed to be iterative and flexible and only commit resources as demand needs become clearer. The Ministry is committed to continuing to put conservation first in its energy planning decisions, where cost-effective.
- When new electricity supply is needed, the next LTEP will ensure that future procurements are focused on outcomes, rather than contracting with specific technologies. This technology-neutral approach will foster innovation and create competition amongst different generation resources. This approach is expected to lower the cost of electricity supply and improve the siting of new generation projects by rewarding community consultation.
- The Ministry of Energy anticipates that the next LTEP will be published in spring 2017.

For media inquiries only call:

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca

Natasha Demetriades, Communications Branch, 416-326-5452
natasha.demetriades@ontario.ca

ontario.ca/energy-news
Disponible en français

Ontario **BACKGROUNDER**

Ministry of Energy

Enhancing Electricity Support Programs

To help Ontario's most vulnerable electricity consumers, pending legislation, the following electricity support programs will be enhanced

Broadening Rural or Remote Electricity Rate Protection (RRRP)

- The RRRP is provided to a number of rural residential customers in Ontario.
- The Province is moving forward in broadening the RRRP to provide delivery charge relief to not only the current customers but also to those LDCs with some of the highest rates. With this new proposal, about 800,000 customers will benefit from the enhanced RRRP program.
- The Province is also moving forward in having these RRRP costs be funded by the tax base, reducing regulatory charges for all Ontario ratepayers. This is projected to cost approximately $500M in the coming fiscal year.

Expand the Ontario Electricity Support Program (OESP)

- The OESP is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.
- Increasing the OESP credits by 50% would mean that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and the lowest credit for the enhanced scale would increase from $45 to $68 ($816 per year, an increase of $276).
- The Province is expanding the OESP to ensure the program uptake is as close as possible to 100% by:
  - Streamlining the application process to make it easier and quicker to get approval;
  - Increasing awareness of the program to eligible recipients;
  - Exploring automatic qualifications for customers that are enrolled in other low-income support programs; and
  - Expanding eligibility for more low-income Ontarians
- The Province is also moving forward in having the OESP funded by the tax base, reducing regulatory charges for all Ontario ratepayers. This is projected to cost approximately $185M in the coming fiscal year.

Establish a Local Distribution Company (LDC) Affordability Fund

- The "Affordability Fund" would be established to assist electricity customers who cannot qualify for low-income conservation programs.
- The "Affordability Fund" would provide LDCs with an additional tool to help customers in need. LDCs would use the Fund to provide support to customers for energy efficiency improvements to help reduce their future electricity bills and avoid future disconnections.
- The Province is moving forward in having the LDC Affordability Fund funded by the tax base, reducing regulatory charges for all Ontario ratepayers. This is project to cost approximately $200M in the coming fiscal year.

First Nations On-Reserve Rate

- In 2016, The Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.
- Following the engagement process the OEB recommends:
  - Eliminating the delivery charge for all on-reserve First Nations residential customers and removing the monthly service charge for customers of licensed distributors which charge a bundled rate. The OEB estimates this would provide residential customers an average monthly benefit of $85.
  - Automatically qualify on-reserve First Nations residential customers (~21,500 customers).
  - Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.
- Government intends to introduce legislation to implement this recommendation.
- The Province is also moving forward in having the First Nations On-Reserve Rate funded by the tax base, reducing regulatory charges for all Ontario ratepayers. This is projected to cost approximately $20M in the coming fiscal year

---

For media inquiries only call:

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca.

Natasha Demetriades, Communications Branch, 416-326-5452
natasha.demetriades@ontario.ca

ontario.ca/energy-news
Disponible en français

Ontario

NEWS

Ministry of Energy

Ontario Cutting Residential Electricity Bills by X %

Wynne Government responding to concerns and takes decisive action to ensure fairness for electricity consumers

NEWS March XX, 2017

Ontario is reducing electricity bills by X per cent on average for typical residential consumers in the Province and will hold future rate increases to the rate of inflation for the next four years. Small business and farms would also benefit from the initiative. This plan builds upon rate mitigation initiatives announced in the 2016 Speech from the Throne and represents the single largest electricity rate relief plan in the Province's history.

Over the past decade, Ontario has invested more than $50 billion in modernizing, rebuilding, and cleaning up our electricity system. The cost of these investments has caused prices to rise in the short term, whilethese investments will benefit ratepayers for many decades to come through a continued clean and reliable supply of electricity.

Ontario's Rate Relief Plan includes:

- **Refinancing the Global Adjustment (GA)** over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, farms and small businesses.
- **Helping vulnerable** electricity consumers by enhancing electricity support and conservation programs and removing costs from electricity bills. Eligible consumers will receive additional funding through assistance programs including:
  - Establishing a new Affordability Fund which will support Ontarians who have difficulty paying their electricity bills to be able to access energy efficiency improvements.
  - Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the costliest local distribution companies (LDC's).
  - Expanding the Ontario Electricity Support Program (OESP) to ensure the program uptake is as close as possible to 100%..
  - Establishing a new On-Reserve First Nations Delivery Rate.
- **Improving sector efficiency** and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

The refinancing of the Global Adjustment (GA) is a complex initiative that represents a significant restructuring of how Ontario families, farms and small businesses are billed for the electricity they consume.

Ontario has a robust electricity supply and is in a good position for market renewal. A revitalized energy market has the power to improve inefficiencies, increase transparency, provide opportunities for innovation and enhance competition to reduce system costs.

Comment [BR(1]: Hyperlink to Ontario.ca/raterelief

Comment [LL(2]: Will link to backgrounder

Comment [LL(3]: Link to backgrounder

Comment [MB4]: Link to backgrounder

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

QUOTES

"We have heard from ratepayers across the province that we need to do more to help reduce costs. The government is committed to ensuring an affordable energy system for all Ontarians. These new measures will have a significant impact on your monthly bill and will help the most vulnerable."
— Glenn Thibeault, Minister of Energy

QUICK FACTS

- Ontario is investing $200 million in the Affordability Fund. The Fund will be accessible to LDCs for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
- GA financing will be available to families, farms and small businesses. Combined with other mitigation measures, it will save X% for the typical residential electricity consumer.
- Eligible customers with the highest-cost distribution rates have their costs harmonized at the lowest level among eligible distribution companies.
- On-reserve First Nations customers will receive a 100% credit of the delivery line on their monthly electricity bills. The expanded OESP will provide an additional $180 to $276 per year for households of eligible size and combined income.

LEARN MORE

- Estimate how much you can save on your next bill
- Learn how Ontario is developing the next Long-Term Energy Plan.

Comment [LL(5]: Link to Ontario.ca/raterelief

For media inquiries only call:

ontario.ca/energy-news
Disponible en français

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca 416-325-2690.

Natasha Demetriades, Communications Branch, 416-326-5452
natasha.demetriades@ontario.ca