Rate Relief Plan – Draft Confidential Advice to Minister
Ministry of Energy – Questions and Answers
Date: February 21, 2017
Last reviewed: CRED, ESP, SNAP

Key Messages

Comment [EmmaSP1]: Is a Spring LTEP release decided? Policy understanding is that the working LTEP date is now "Spring/Summer 2017" – there are 4 instances of "Spring" throughout the document

- **Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.**
- **We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.**
- **We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly.**
- **The new Rate Relief Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.**
- **Ontario's Rate Relief Plan includes:**

Comment [BR(2]: Hyperlink to Ontario.ca/raterelief

  - **Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, small businesses and farms.**

Comment [LL(3]: Will link to backgrounder

  - **Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill. Eligible consumers will receive additional funding through assistance programs including:**

Comment [LL(4]: Link to backgrounder

    - **Establishing a new Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and who have difficulty paying their electricity bills.**
    - **Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.**
    - **Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.**
    - **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).**

Comment [MB5]: Link to backgrounder

- **If passed, proposed legislation would mean that starting in [X], the average residential electricity bill would be [X]% lower.**
- **We'll do this by changing the way electricity costs are recovered and moving funding for assistance programs off of hydro bills.**

- **This plan is the biggest rate reduction in Ontario's history. It recognizes that the decision to invest in a clean, modern and reliable was the right one – but that the costs of this decision should not be put on today's electricity bills alone.**

- **Last year, we offered Ontarians much needed relief by introducing a series of measures to help make life more affordable. This includes:**

    - **Introducing the Ontario Electricity Support Program**
    - **Introducing a rebate equal to the provincial portion of the HST to reduce bills by 8% pre-tax**
    - **Additional relief for eligible rural customers, and**
    - **Expanding the Industrial Conservation Initiative so more businesses can take advantage of it.**

Questions and Answers

Q1. There are a number of different pieces to your rate relief plan. Can you please explain how these new and existing initiatives will help electricity ratepayers?

We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly over the years ahead.

Ontario's Rate Relief Plan includes:

Comment [BR(6)]: Hyperlink to Ontario.ca/raterelief

- Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, small businesses and farms.

Comment [LL(7)]: Will link to backgrounder

- Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill. Eligible consumers will receive additional funding through assistance programs including:
    - Establishing a new Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and who have difficulty paying their electricity bills.
    - Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.
    - Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.
    - Establishing a new On-Reserve First Nations Delivery Rate.

Comment [LL(8)]: Link to backgrounder

- 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).

Comment [MB9]: Link to backgrounder

Q2. How much will all these initiatives cost Ontarians?

We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly.

The impact of innovative energy technologies will continue to help us reduce costs in the future. This is allowing us to introduce and expand existing rate relief programs that will reduce bills now.

This spring, we will be releasing the 2017 Long Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

If asked for a specific figure or estimate on the cost of these new initiatives:

This rate relief plan includes changing some funding sources and recovering other costs over a longer time period. Additionally, program expansions are forecasted to cost an additional $[X].

Q3. Has the government already factored in the costs of these programs in its Budget planning process? How will this affect the province's bottom line?

The government remains committed to balancing the budget by 2017-18 while continuing to invest in the economy, our people and a healthy, clean and prosperous low-carbon future.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

[MOF X]

Q4. Will Local Distribution Companies (LDCs) be changing how they present their bills to customers to reflect these new measures? Who will be covering the costs of implementing the necessary changes? Will Local Distribution Companies be able to handle all the changes?

Most of the components of our rate relief plan do not require adjustments to the residential bill. We will work with the Ontario Energy Board and Local Distribution Companies (LDCs) to ensure those adjustments that are necessary are made to LDC billing systems.

LDCs already have experience with the implementation of billing changes like those associated with the OCEB and the Ontario Electricity Support Program (OESP).

Q5. There is criticism that even with these new measures, electricity bills are still too high in Ontario. Is the government considering any additional rate mitigation measures to be announced in the Budget or the next Long-Term Energy Plan?

We've been making the important investments in cleaner and more reliable energy, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly over the years ahead.

We have a robust energy supply and are in a good position for market innovation.

An adaptive energy market has the power to improve efficiency, increase transparency, enhance opportunities for innovation and enhance competitive tension to reduce system costs.

This spring, we will be releasing the 2017 Long Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Q6. Why aren't you targeting relief to those who need it most instead of providing breaks to everyone?

We understand rising electricity costs are a concern for all Ontarians and appreciate that low-income Ontarians feel it even more.

We currently offer both the Ontario Electricity Support Program and the Rural and Remote Rate Protection, which offer significant on-bill benefits to eligible households. As part of our rate relief plan, these programs are being enhanced to ensure vulnerable consumers receive additional support.

We recognize that these programs have social value and benefit vulnerable people across Ontario.

So we are shifting these programs from being paid for through electricity bills to being paid for through government funding.

This will reduce bills for everyone, and ensure these programs continue to serve those in need.

LDCs have been partners in delivering electricity services and conservation programs to Ontarians for more than ten years.

For those most in need, low-income programs like the Home Assistance Program provide efficiency upgrades at no cost to help customers reduce future electricity bills and avoid future disconnections.

We recognize that there are other electricity customers who are in need, but who do not qualify as low-income, and are addressing this through the Rate Relief Plan.

GLOBAL ADJUSTMENT

Q7. What is the Global Adjustment (GA)?

The Global Adjustment (GA) accounts for the fixed costs of running Ontario's generation fleet, as well as the cost of conservation programs.

The GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available.

Q8. What changes are you making to the GA?

We have heard from Ontarians that the costs associated with the GA are putting too much pressure on their electricity bills.

As we invested in renewing our electricity system, we invested in many new generating facilities, most of which operate under 20-year contracts. Through the GA we are covering the costs of those contracts, which means prices have increased in the near term to recover those costs, while eventually stabilizing and declining in the future.

If passed, proposed legislation would mean that starting in July, the average residential electricity bill would be [X]% lower. Cost impacts are based on a forecast for a household connected to Toronto Hydro that consumes 750 kWh per month. Actual ratepayer savings would vary due to differences in consumption patterns.

If asked for more detail:

The majority of the province's electricity generators are under 20-year contracts. Some 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 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.

Q9. Will all ratepayers (residential, commercial, industrial) benefit from the changes to the GA? If so, what kind of savings will a typical ratepayer see on their monthly bill?

Electricity consumers that are eligible for the Regulated Price Plan will benefit from the changes we are making to the Global Adjustment charge.

If passed, the proposed legislation would mean a typical residential, small business or farm would see a bill reduction of $[X] over the next [X] years.

Q10. Will medium-size and large businesses, who are too large to be eligible for the RPP and too small to qualify for the Industrial Conservation Initiative (ICI), also benefit from the GA refinancing?

No. [TBD language on Class B mitigation].

Q11. How many years will ratepayers be paying back the GA debt that will be accumulated due to GA refinancing? Can you give any guarantees as to how long and how much ratepayers will be paying in the future?

Our rate relief plan is a significant restructuring of the electricity sector and the biggest rate reduction in Ontario's history.

It recognizes that the decision to invest in a clean, modern and reliable was the right one – but that the costs of this decision should not be put on today's electricity bills alone.

If passed, the proposed legislation would mean GA refinancing would spread costs over a longer period while providing immediate ratepayer relief.

This spring, we'll release the 2017 LTEP which will include a projection of where we think we are headed.

If asked for more detail on the long-term financial implications:

[X]

Q12. Residential customers just stopped paying the Debt Retirement Charge and business and industrial customers are still paying it until 2018. Why are you now adding on more debt to ratepayers?

GA refinancing would spread costs over a longer period and provide immediate ratepayer relief (i.e., similar to re-financing a mortgage).

By recognizing that 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.

Q13. Can you please justify the long-term implications of your GA financing measure?

We recognize that the important investments we've made in rebuilding our generating capacity are putting too much pressure on people across Ontario.

We've heard from families and businesses that the cost of these investments have grown too quickly.

Our plan is putting a forward a plan that will ensure these costs are share more evenly through the years ahead.

Q14. How will the changes to the GA impact its relationship with the Hourly Ontario Electricity Price (HOEP)? Are there impacts that could affect pricing for certain customers?

The function of the wholesale electricity market will not change and the Hourly Ontario Electricity Price will continue to be set as normal.

[TBD language on total rate increase].

Q15. How will the debt from GA financing be paid back? What accountability will be in place to ensure it is managed with the proper accountability and transparency?

Leveraging the expertise of both companies, the government intends to introduce legislation that enable the IESO and Ontario Power Generation (OPG) to work together to finance the global adjustment over a longer period of time.

If asked for more detail on technical aspects of how GA will be paid back:

[X]

Q16. Why was OPG chosen as the entity responsible for the GA financing?

OPG has the necessary expertise to assist with the refinancing of the GA.

OPG currently manages an $18 billion nuclear fund and can use its infrastructure and expertise in this field to help administer the GA financing.

As an entity regulated by the OEB, OPG also has extensive experience with regulatory deferral and variance accounts.

Q17. Who will be responsible for the accumulated debt of GA financing? The ratepayers or the taxpayers? Will it contribute to the province's debt?

[MOF X]

Q18. How are you making these changes to the GA? Are they a result of legislative changes? Regulatory changes?

To assist in the implementation of the GA smoothing initiatives, amendments will need to be made to the *Electricity Act, 1998* (EA) and the *Ontario Energy Board Act, 1998* (OEBA).

Any changes would be made following the appropriate legislative and regulatory procedures and approvals.

ELECTRICITY SUPPORT PROGRAMS: OESP, RRRP, LDC Affordability Fund, On-Reserve First Nations Rate

Q19. The new Rate Relief Plan will also bring savings to Ontario consumers through electricity support programs. What are these programs and who will benefit?

We understand the rising costs are a concern, which is why we are bringing in savings now through new initiatives that will cut costs directly on your energy bill.

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

Ontario will help the most vulnerable by enhancing electricity support programs and shifting cost off the electricity bill

Eligible consumers will receive additional funding through assistance programs including:

- Establishing an LDC Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and struggle to pay their electricity bill.
- Broadening Rural or Remote Electricity Rate Protection (RRRP) to provide Delivery Charge Relief for the customers of the local distribution companies (LDC's) with the highest delivery charges.

- Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.
- Establishing a new On-Reserve First Nations Delivery Rate.

Q20. Does this additional funding mean the government will not meet its commitments as set out in the Budget?

Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.

As outlined in the 2016 Ontario Budget, Ontario is building on the government's plan to grow the economy, create jobs and balance the budget.

Q21. Can you provide more details about each of these existing programs? What is the Ontario Electricity Support Program (OESP)? Who is currently eligible to receive the OESP and how much does the average household receive?

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income.

For many low-income Ontarians, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

That is why the OEB developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

OESP monthly credits range from $30 to $50. A household receiving the lowest OESP credit would receive $360 per year off their bills, or $425 per year when combined with the removal of the Debt Retirement Charge (DRC).

Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nation, Inuit, and Métis customers are eligible for an enhanced amount, which ranges from $45 to $75 per monthly bill.

Q22. How is the Ontario Electricity Support Program (OESP) currently funded? How will that change? And why are you now shifting the cost to government funding?

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

Programs designed to support customers that are most vulnerable to increasing electricity costs will shift from the hydro bill to government funding, recognizing they are for the common good. This includes the Ontario Electricity Support Program (OESP) and Rural and Remote Rate Protection (RRRP).

The new LDC Affordability Fund and the On-Reserve First Nation Delivery Rate will also be delivered using government funding. This ensures that initiatives designed to provide a social good will be better aligned with the government's poverty reduction goals.

Q23. How much more will the monthly on-bill credit be as a result of today's announcement?

OESP program benefits will increase across the board by 50%.

If passed, the proposed legislation would mean that single low income consumers eligible for the lowest credit amount will receive $45 per month, an increase from the current $30 , or an increase of $180 per year. For the enhanced credit, the lowest credit amount would increase from $45 to $68, or an annual increase of $276.

Q24. Where will this money come from? How is this different from the current OESP funding model?

The OESP is a rate relief program that supports low-income customers through a per kilowatt-hour charge on every customer's electricity bills. This charge is part of the delivery charge on the bill.

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income. For many low-income Ontarians, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

Today's announcement means that greater focus and support can be placed on lower income Ontarians by enhancing the OESP through government funding, including a 50% increase in OESP credit amounts across the board.

This change will reduce costs for all consumers as a result of eliminating the OESP charge:

- Average residential customer savings: $0.83/month; and
- Average industrial customer savings: $1.10/MWh.

Q25. How will enhancing the OESP through government funding reduce costs?

Moving the OESP from the electricity bill to government funding will provide immediate cost reduction for Ontario customers.

Enhancing the program will provide greater relief to the most vulnerable families in Ontario, and ensure the program reaches as many eligible customers as possible. This will help to manage costs for customers.

This change ensures that initiatives designed to provide a social good will be better aligned with the government's poverty reduction goals.

Q26. When will I see the additional credit on my electricity bill?

[X]

Q27. Will the additional credit be applied retroactively, i.e., to the date I received my first OESP credit?

The OESP started January 1, 2016, when the Ontario Clean Energy Benefit (OCEB) ended.

The program enhancements will not be retroactive for existing OESP recipients. However once in effect, those customers will begin receiving the enhanced credit.

Q28. Can consumers who did not sign up for the program when it was launched in November 2015 sign up now? What is the deadline?

Customers can apply for the OESP any time.

There is no application deadline, but the sooner customers apply and are accepted into the OESP, the sooner they will begin to receive the on-bill credits.

Q29. How are you making these changes to the OESP? Are they a result of legislative changes? Regulation changes?

Changes to the OESP will be made through amendments to the *Ontario Energy Board Act, 1998* (OEBA). Regulatory amendments will be required to address program details.

Comment [SB(10]: TBC with LSB.

Q30. What is the Rural or Remote Rate Protection (RRRP) plan? Who is currently eligible to receive the RRRP and how much does the average household receive?

The Delivery charge on consumer bills includes the cost of delivering electricity from generating stations across the Province to homes and businesses via the high voltage (transmission) and low voltage (distribution) electricity systems and also includes the cost of distribution system losses.

The cost of distributing power to lower-density rural and remote areas is much higher than for urban and higher density areas.

To help offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations, eligible customers receive a credit off their bills under the Rural or Remote Rate Protection (RRRP) framework.

RRRP provides rate protection for customers living in areas of very low density – including Hydro One's R2 rate class customers, customers of Algoma Power and customers of Hydro One Remote Communities and James Bay First Nation LDCs.

Q31. The RRRP was recently updated on January 1, 2017. What kind of relief does it provide to ratepayers?

In recognition of the unique and special circumstances associated with the electricity cost-of-service for rural ratepayers, effective January 1, 2017, the province is reducing costs for eligible rural ratepayers by providing additional funding to the RRRP program.

Starting on January 1, 2017, 330,000 Hydro One low density (R2 class) customers will receive $60.50 per month in RRRP to bring their total Delivery line costs to roughly $78 for 1,000 kWh/month.

When combined with the 8 per cent Ontario Rebate for Electricity Consumers, eligible rural ratepayers will receive additional relief, decreasing total electricity bills by an average of $540 annually or $45 each month.

Q32. What further changes are you now making to the RRRP as a result of today's announcement?

Delivery Charge Relief will be provided for the customers of the local distribution companies (LDCs) with the highest delivery charges.

In addition to RRRP, which mitigates the specific costs related to low-density distribution service, Delivery Charge Relief will be broadened to harmonize distribution costs at the lowest rate amongst the eligible LDCs – eliminating some of the inequities caused by variation in distribution rates across the Province.

To begin, this is projected to limit distribution charges to roughly $38/month – providing Delivery line relief for over 700,000 residential customers.

Customers eligible to receive support are customers of [...]

Comment [MS11]: LDCs TBD

Q33. Where will this money come from? How is this different from the current RRRP funding model?

RRRP funding is currently collected from all Ontario electricity customers through a regulated charge. To help reduce costs for all customers, RRRP and the broadened Delivery charge relief will be funded through the tax base instead of on electricity bills.

Q34. Where will this money come from?

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income. For many rural ratepayers, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

Today's announcement means that greater focus and support can be placed on eligible rural ratepayers by funding RRRP through government funding.

Q35. How will enhancing the RRRP through government funding reduce costs?

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

We recognize that programs, such as the RRRP, are for the common good and that these programs should be delivered to Ontarians through government funding and not through electricity ratepayers.

Q36. When will I see the additional savings on my electricity bill? Will the additional savings be applied retroactively, i.e., to the date I received my initial RRRP rebate?

Legislation is required to implement this program. If passed, the Ministry will work with the Ontario Energy Board (OEB) and affected LDCs to work through implementation details.

Q37. How are you making these changes to the RRRP? Are they a result of legislative changes? Regulation changes?

Changes to the RRRP will be made through amendments to the *Ontario Energy Board Act, 1998* (OEBA). Regulatory amendments will be required to address program details.

Q38. How will industrial customer be affected by this RRRP enhancement?

Industrial customers will not be affected by this RRRP enhancement, though they will experience cost decreases as a result of a reduction in the RRRP regulated charge that all customers currently pay.

Q39. The new Rate Relief Plan announced today includes two new social program funding initiatives: the LDC (Local Distribution Company) Affordability Fund and On-Reserve First Nations Rate. Can you provide more details about the LDC (Local Distribution Company) Affordability Fund?

We understand the rising costs are a concern, which is why we are bringing in additional savings now through new initiatives that will cut costs directly on your electricity bill.

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

We will be helping those consumers most in need by enhancing electricity support programs and shifting cost to government funding.

For those most in need, the low-income Home Assistance Program provide efficiency upgrades at no cost to the customer to help reduce future electricity bills.

We recognize that there are other electricity customers who are in need but do not qualify as low-income under the Home Assistance Program. These electricity customers will be eligible for additional support for energy efficiency measures through the LDC Affordability Fund.

Q40. Who will be eligible to receive funding and how much will the average household receive?

The LDC Affordability Fund would provide LDCs with an additional tool to help customers who are not eligible for the existing low-income conservation program. The Fund would provide support for energy efficiency improvements to help customers reduce future electricity bills and avoid future disconnections.

Q41. How will the LDC Affordability Fund be funded? Where will the money come from?

We will be helping electricity customers by expanding access to energy efficiency measures through an LDC Affordability Fund. The Fund would be established with government funding.

Q42. How are you establishing this new social program? Is it a result of legislative changes? Regulation changes?

Legislative or regulatory changes are not required to establish the LDC Affordability Fund.

The province would enter into an agreement for the program to be delivered through LDCs. LDCs are best positioned to identify and target their customers who would benefit from this program.

The LDC Affordability Fund would provide LDCs an additional tool to help customers who are not eligible for low-income conservation programs.

The conservation programs supported by the Affordability Fund will be funded by government.

Q43. The new Rate Relief Plan announced today includes another new social program funding initiative, the On-Reserve First Nations Rate. Can you provide more details about this new Rate?

The Ontario Energy Board (OEB) recently provided us with a report recommending the introduction of a program to eliminate Delivery charges for on-reserve First Nations customers. This program would help mitigate electricity costs for low-income consumers and support the redress of historical grievances.

The government intends to introduce legislation to implement this program. If passed, this would result in an average monthly benefit of $85/month for the roughly 21,000 eligible customers, to be funded through government funding.

Q44. Who will be eligible to receive funding and how much will the average household receive?

Eligible customers will receive an average of $85/month through the On-Reserve First Nations Rate.

Q45. How will the On-Reserve First Nation Rate be funded? Where will the money come from?

We will be helping the most vulnerable consumers by enhancing electricity support programs and shifting cost to government funding.

Q46. How are you establishing this new social program? Is it a result of legislative changes? Regulation changes?

Changes to the OESP will be made through amendments to the *Ontario Energy Board Act,* Legislation and Regulations will be required to implement this program. If passed, the government will work with the Ontario Energy Board and affected LDCs on implementation details.

Q47. Can the new On-Reserve First Nations Rate be combined with the OESP? Will a First Nations consumer be eligible for the On-Reserve First Nations Rate and continue to receive the OESP benefit? Is there a possibility that the combined funding sources could add up to an amount greater than the actual electricity bill?

The OESP enhanced credit is available to all eligible indigenous customers in the province, regardless of where they live. This includes First Nation, Inuit, and Métis customers.

The On-Reserve First Nations Rate applies only to First Nation customers living on a reserve in Ontario.

These programs will be treated as distinct, as they are designed to address different energy cost issues. Thus, customers eligible for both programs will receive credits under both programs.

MARKET RENEWAL

Q48. How are you planning on bending the cost curve in the future? If more can be done to reduce rates now, why haven't you already acted?

The government has been working hard to reduce electricity ratepayer costs and will continue to look for efficiencies in the system wherever possible without compromising the reliability of our system.

We have already taken several steps to mitigate system costs, including:

- Renegotiating the Green Energy Investment Agreement (GEIA) in 2013, to reduce contract costs by $3.7 billion.
- Reducing Feed-in Tariff (FIT) and microFIT prices through annual price reviews, saving ratepayers at least $1.9 billion.
- Introducing a competitive Large Renewable Procurement (LRP) process to drive down costs approximately $1.5 billion lower than the 2013 LTEP forecast.
- Suspending the second round of the LRP process and the Energy-from-Waste Standard Offer Program, which is expected to save up to $3.8 billion in costs.
- Deferring the construction of two new nuclear reactors at Darlington. This was in response to the supply and demand expectations of the 2013 LTEP, avoiding an estimated $15 billion in new construction costs.
- Maximizing the value of our existing nuclear fleet by starting Bruce refurbishments in 2020, instead of 2016, thus helping to achieve $1.7 billion in savings relative to the 2013 LTEP forecast and by continuing to operate Pickering up to 2024, pending regulatory approvals, which could save ratepayers as much as $600 million.

We look forward to working closely with the OEB, OPG and IESO to find even more savings for ratepayers.

Q49. Can you provide details on what the OEB will be doing to help lower future costs?

The OEB has a mandate to regulate the electricity distribution sector in the public interest, ensuring the financial viability of the sector while promoting reliable service to customers at just and reasonable rates.

The OEB, through the Renewed Regulatory Framework for Energy (RRFE), has attempted to move the distribution sector towards a performance/outcomes-based regulatory framework.

While new reporting requirements such as the local distribution company (LDC) performance scorecard are positive developments, RRFE does not tie these system performance expectations to LDC financial performance.

Encouraging shared partnerships on services between utilities will help reduce costs in the back end and encourage further innovation for small to medium sized utilities.

The Ministry of Energy has asked the OEB to look at opportunities to further drive LDC efficiencies and productivity. In parallel, the OEB has been instructed to review business cases behind its own regulatory requirements to reduce "red tape" and eliminate costs that LDCs indicate are creating pressures on operating expenses.

Q50. We have already heard the Minister speak about the need for market renewal. What has been done to move forward these initiatives?

Through the work of the Electricity Market Forum, the Market Surveillance Panel, IESO studies, and stakeholder input, we have been able to identify areas of our electricity system that could improve their efficiency.

The objective of IESO's Market Renewal Project is to implement changes to achieve material efficiencies in the near and longer term with minimal disruption to market participants. The initial findings from the Market Renewal benefits case show potential for cost savings that will be realized by both consumers and market participants.

Cost savings are expected to be achieved through the better utilization of existing assets, greater competition among resources, a reduced need to build new resources, and a more flexible and cost-effective procurement process that will better reflect system needs.

Changes related to IESO's Market Renewal initiatives are estimated to save up to $300 million per year, starting in 2021.

<u>**ADVERTISING**</u>

Q51. How much is the government spending on advertising for this latest round of price mitigation initiatives?

The cost of advertising for these new initiatives is $[X].

For the LDC Affordability Fund, targeted outreach is planned, as opposed to broad marketing, to ensure that support is delivered to customers who need it most.

Q52. Why is the government spending money on advertising when it could be putting those funds towards lowering electricity prices?

We are committed to improving the public's understanding of the energy system.

It's important to let Ontarians know about the decisions we are making so that they can effectively participate in energy decision-making.

We've been listening to Ontarians in all parts of the province and understand that they need us to do more and that's why we are introducing a Rate Relief Plan.

The new Rate Relief Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.

Advertising is crucial for raising awareness about government programs and to ensure that all Ontarians are aware of how these programs will impact them.

Other resources available to Ontarians is the Ministry of Energy's emPOWERme website, an online resource dedicated to public education about electricity.

Q53. Did the government go through the proper approvals process for this advertising campaign? Was this advertising campaign approved by the Auditor General and the Advertising Review Board?

We understand the importance of transparency and accountability.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Q54. Was a competitive competition held to select the advertising agency in charge of the campaign?

The advertising agency chosen to help our government raise awareness on these new initiatives is approved Vendor of Record, with considerable experience in the energy sector.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.