- reducing electricity bills by 25 per cent on average for all residential customers.

- Lowering household electricity bills on average by 25 per cent, beginning this summer;

Since 2003, this government has supported investment of more than $50 billion in electricity generation and grid infrastructure across the province to ensure Ontarians benefit from a system that is cleaner, more modern and more reliable. Ontario also became the first jurisdiction in North America to end the use of coal-fired electricity generation, choosing instead to produce cleaner and renewable power.

The much-needed rebuilding of an aging and unreliable electricity system that depended on expensive electricity imports and dirty coal resulted in rapidly rising rates for many customers. Many of these new generating investments are expected to operate past their current 20-year contract term, benefiting future ratepayers by reducing the need to finance the development of additional generating assets. However, the cost of these investments – funded in part through the Global Adjustment (GA), which is part of the commodity cost on the electricity bills of all consumers – has fallen disproportionately and unfairly on the shoulders of today's electricity ratepayers.

In consultations across the province, relief from high electricity bills was identified as a priority concern by Ontarians and that this relief must be long-lasting and built on real changes to the electricity system. That is why the government continues to take action to relieve the burden and share costs more fairly.

In March, the government announced Ontario's Fair Hydro Plan, which would include the following components:

- Lowering electricity bills by 25 per cent on average for all residential customers, including the eight per cent rebate introduced in January. Many small businesses and farms would also benefit from the initiative.
- Expanding the rural or remote rate protection program to provide distribution charge relief to customers of local distribution companies with the highest rates. About 800,000 customers would benefit from the enhanced program. The costs of this program would also be moved to the tax base.
- Increasing the Ontario Electricity Support Program by 50 per cent, and moving the costs of this program to the tax base.
- Establishing a new Affordability Fund, accessible to electricity distributors, to help customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
- Expanding the Industrial Conservation Initiative program, targeting more small manufacturing and industrial consumers.
- Improving sector efficiency and modernizing the province's electricity market.

As part of this plan, rate increases for residential consumers over the next four years would be held to the rate of inflation. Taken together, these changes would deliver the largest reduction to electricity rates in Ontario's history.

Building on the steps announced last September, including an eight per cent rebate on electricity bills equal to the provincial portion of the Harmonized Sales Tax, Ontario's Fair Hydro Plan would reduce electricity bills by 25 per cent on average for all residential ratepayers. Many small businesses and farms would also benefit.

As part of the plan to relieve the current burden on ratepayers and share costs more fairly, a portion of the GA would be refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. In the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers. Under current forecasts, the reduction in the GA charge would be about $2.5billion on average per year on average over the first 10 years.

Also, by funding certain electricity support programs by the Province rather than by ratepayers, regulatory charges for all Ontario electricity customers would be reduced.

Support for Ontario's Fair Hydro Plan:

"We are pleased that electricity ratepayers will see the positive benefits of [Ontario's Fair Hydro Plan] in the near future and for the commitment that rates will not increase beyond the rate of inflation for the next four years."

Alan Spacek, President of the Federation of Northern Ontario Municipalities (FONOM) and Mayor of Kapuskasing, March 2, 2017

The Province is proposing to introduce legislation that, if passed, would enable a First Nations On-Reserve Delivery Credit that could save eligible residential customers an average of about $1,020 per year.

Support for Ontario's Fair Hydro Plan

"The elimination of the delivery charge will assist our citizens by reducing energy poverty in our communities. It also represents recognition for the use of the land in the development and expansion of the provincial energy grid... Today's commitment by the Ontario government is commendable and allows a path forward for greater quality of life for First Nations in Ontario."

Isadore Day, Ontario Regional Chief, March 2, 2017

The Rural or Remote Electricity Rate Protection (RRRP) program currently provides a rate subsidy to about 350,000 eligible rural and remote residential customers who face higher distribution costs compared to those in urban areas.

The Province is proposing to expand the RRRP to provide distribution delivery charge relief to a total of about 800,000 customers served by local distribution companies (LDCs) with the highest rates, including Hydro One R2 and R1 rate classes (residential low and medium density areas, respectively), Northern Ontario Wires Inc., Lakeland Power Distribution Ltd. (Parry Sound service territory), Chapleau Public Utilities Corporation, Sioux Lookout Hydro Electric Inc., InnPower Corporation, Atikokan Hydro Inc. and Algoma Power Inc.

The Ontario Electricity Support Program (OESP) is an income-tested, application-based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. The Province is proposing to increase the OESP monthly benefit amounts by 50 per cent, which will significantly enhance the benefit eligible consumers receive.

The OESP would also become available to more Ontarians by introducing new eligibility categories (see the red text in the tables below):

Basic OESP Credits

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
< $28,000	$45	$45	$51	$57	$63	$75	$75
$28,001 - $39,000		$40	$45	$51	$57	$63	$75
$39,001 - $48,000			$35	$40	$45	$51	$57
$48,001 - $52,000					$35	$40	$45

Enhanced OESP Credits (for Indigenous customers and those with electric heating or certain electrically intensive medical devices)

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
< $28,000	$68	$68	$75	$83	$90	$113	$113
$28,001 - $39,000		$60	$68	$75	$83	$90	$113
$39,001 - $48,000			$52	$60	$68	$75	$83
$48,001 - $52,000					$52	$60	$68

To facilitate OESP-eligible Ontarians to receive their credits, the government is exploring automatic qualification for customers who are enrolled in other provincial low-income social programs

The Province is establishing an Affordability Fund which will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who otherwise would be unable to make energy efficiency improvements without financial assistance. The Affordability Fund is being developed with input from electricity distributors, and others knowledgeable about low-income conservation and support programs.

Ontarians in need who do not qualify for existing low-income conservation programs may qualify to receive energy efficiency improvements in their home. It is expected that these measures will be provided at no or low cost to the customer. Energy efficiency improvements can help customers get on a more sustainable path with their electricity bills.

These new measures will cost the government up to $2.5 billion over the next three years.

The government is continuing to lower electricity costs for businesses to maintain a competitive business environment. Ontario is proposing to further expand the Industrial Conservation Initiative (ICI) program by reducing the eligibility threshold from one megawatt (MW) to 500 kilowatts (kW) for targeted manufacturing and industrial sectors.

This proposed change is in addition to the Province's existing actions to reduce electricity costs for businesses, such as providing ongoing support to qualifying large industrial facilities in northern Ontario and ending the debt retirement charge (DRC) for commercial, industrial and all other electricity users as of April 1, 2018.

Ontario's commitment to lowering energy costs for ratepayers would include working with provincial agencies to identify opportunities to drive efficiency and productivity improvements.

- The Ontario Energy Board (OEB) regulates and licenses more than 70 LDCs and will identify opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.
- The Independent Electricity System Operator (IESO) plans for the province's electricity needs, balances supply and demand in real time, and administers conservation programs. The IESO estimates that its Market Renewal initiative would yield total net benefits of between $2.2 billion and $5.2 billion over a ten year period starting in 2021.

Response

Q. Please provide examples of savings for someone living in a city, someone living in the country, someone living in the north, someone who is low-income, someone who is First Nations, a small business, a small industrial business (new ICI participant) and a large industrial business (existing ICI participant).

The table below are indicative examples of the ratepayer impact under Ontario's Fair Hydro Plan compared to what electricity consumers would otherwise have paid.

The estimates are illustrative examples, not reflective of any "average" household or business.

Consumer Type	Estimated Savings	Percentage Reduction
1. Typical Residential Consumer	$40 / month	25%[1]
2. Residential Consumer (Low Density)	$225 / month	40%[1]
3. Residential Consumer (Medium Density)	$200 / month	40%[1]
4. Low-income Residential Consumer (Existing OESP Participant)	$60 / month	50%[1]
5. First Nations on reserve Residential Consumer	$175 / month	60%[1]
6. Small Business (RPP eligible consumer with demand < 50 kW)	$50 / MWh	24%[1]
7. Small Industrial (New ICI participant)	$50 / MWh	30%
8. Large Industrial (Existing ICI participant)	$3 / MWh	3%

Notes:

1. Based on a typical residential consumer connected to Toronto Hydro consuming 750 kWh per month with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption.
2. Based on a R2 residential consumer connected to Hydro One, heating with electricity and consuming 2,500 kWh per month with the current typical 65% off-

[1] Includes the 8%

peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).

3. Based on a R1 residential consumer living in the north connected to Hydro One, heating with electricity and consuming 2,500 kWh per month with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
4. Based on low-income residential consumer in a household of 4 with a combined income less than $28,000 connected to Alectra, consuming 750 kWh per month and currently receiving the basic OESP credit with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
5. Based on a First Nations residential consumer connected to Hydro One as a R2 consumer, consuming 1,300 kWh per month, with current participation in RRRP, assumes the First-Nations On-Reserve Delivery Credit would reduce the delivery line to zero. Also assumes the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
6. Based on a small business eligible for the Regulated Price Plan connected to Oshawa Hydro with 34% on-peak, 47% mid-peak and 18% off-peak consumption (i.e., operates around standard business hours), and includes the impact of global adjustment (GA) financing and tax-basing of social programs.
7. Based on a small industrial connected to Brantford Hydro benefiting from the funding of social programs from provincial revenues and opts in to the expanded ICI would see a reduction of about 30% if they reduce their consumption during Ontario's top five peaks. Assumes HOEP reflects the arithmetic average over time, and a load factor of about 30% to derive the peak demand factor (PDF).
8. Based on a large industrial connected to ENWIN and currently participates in ICI and would benefit funding of social programs from provincial revenues. Assumes HOEP reflects the arithmetic average over time, a load profile would yield the average forecasted Class A GA and minimal impact from ICI expansion.
9. GA refinancing is expected to come into effect on May 1, 2017. OESP costs to ratepayers will be eliminated as of May 1st, while the RRRP regulatory charge will be reduced this summer. Enhanced OESP credits will be in place for May 1st, 2017, while the broadened RRRP benefits and the First Nations Delivery Credit will be in place this summer. New ICI participants are expected to see an impact on bills beginning July 2017.

Q. How many businesses are eligible for the Industrial Conservation Initiative (ICI)?

In 2011, the government introduced the Industrial Conservation Initiative (ICI), to provide a stronger incentive for large electricity consumers to reduce their electricity consumption during peak periods, thereby improving reliability and lowering total system costs.

In the 2014 Budget, Ontario committed to expanding ICI by lowering the eligibility threshold for the industrial sectors from five megawatts (MW) to three. As a result of this commitment, since July 1, 2015, the expanded ICI program has helped approximately 300 of Ontario's largest energy consumers save on their electricity bills.

In September 2016 Speech From the Throne, Ontario committed to expanding the ICI program by lowering the eligibility threshold for participation to one megawatt and expanding participation beyond existing customer types, increasing the number of eligible consumers by more than 1,000.

On March 2, 2017, a further expansion of ICI was announced as part of Ontario's Fair Hydro Plan, to specifically allow manufacturers with peak demand above 500 kW the ability to participate in ICI.*

*Pending Cabinet approval

Q. What is Market Renewal?

The current electricity market design for Ontario has been in place since 2002. Under this market design, electricity reliability has been ensured in the province by entering into long-term supply contracts with electricity generators. While this approach has helped to modernize our electricity generating infrastructure, it has proven to be inflexible to changing electricity system conditions and led to price increases.

As our electricity system continues to evolve, the Independent Electricity System Operator (IESO) is leading the Market Renewal project to develop an ambitious set of initiatives to fundamentally redesign Ontario's electricity markets and ensure future energy needs are met in a reliable, flexible and cost effective manner. Key initiatives within the Market Renewal include:

- Development of new "day-ahead" markets to improve efficiency and transparency;
- Introduction of a capacity auction to procure supply in a cost effective manner; and
- Enhancements to intertie scheduling to improve system flexibility.

The IESO has commissioned an independent expert to assess the potential benefits and costs from the Market Renewal. In a recent draft report, the expert has estimated potential net benefits of $3.4 billion from the Market Renewal over the period from 2021 to 2030. The project benefits are expected to outweigh the costs by a margin of 18:1. Further benefits are expected in the long-term as the electricity system changes in response to the Market Renewal.

Stakeholders have been engaged in Market Renewal from the outset and continue to provide important feedback as initiatives moves into the next phase. Market Renewal will also leverage best practice from similar activities in other jurisdictions to further improve the overall efficiency benefits.

Market Renewal is a critical component of Ontario's Fair Hydro Plan (OFHP). Several initiatives in the OFHP, such as GA refinancing and the expansion of support programs will deliver immediate and significant relief to consumers. Market Renewal, along with efficiency work being undertaken by the Ontario Energy Board, focusses on delivering meaningful cost savings over the long-term, while ensuring that the province has a reliable, flexible and efficient electricity system to meet future needs.