

Draft 04
Electricity
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Keeping Clean, Reliable Electricity Affordable and Lowering People's Bills

Ensuring a clean, reliable and affordable supply of electricity for Ontario families, farms and businesses is a core responsibility of government and a key way to build Ontario up.

Over the course of the past decade, Ontario's electricity customers – residential and commercial customers alike – have helped remove dirty coal-fired generation from the province's electricity system and have built a more reliable system to avoid costly power outages.

Ontarians are proud to live in the first place in North America to end its use of polluting coal power. It means the people of the province are responsible for the single-largest greenhouse gas reduction measure ever completed in North America. Today, Ontario's electricity system is cleaner and more reliable, creating a range of health and economic benefits. Independent assessment has confirmed savings of more than \$4-billion per year in health and other costs associated with smog and pollution from coal fired generation. Smog days have gone from a regular occurrence in Ontario to a rarity.

As the province has built new, cleaner generating capacity and made critical infrastructure upgrades to ensure system reliability, customers' bills have increased. The province has made every attempt to shield ratepayers from the impact of this necessary transition. Over the last several years it has managed to reduce a number of costs associated with the electricity system, while maintaining reliability for all consumers. The province has:

- Renegotiated the Green Energy Investment Agreement, reducing contract costs by \$3.7 billion
- Approved a plan by Ontario Power Generation to pursue ongoing operations of the Pickering nuclear generating stations, expected to save customers as much as \$600 million
- Introduced more competitive procurement as well as annual renewable energy price reviews, to help remove a further \$4.1 billion in costs as compared to previous forecasts

Other measures to reduce electricity bills include:

- Conservation First: Ontario is investing \$2.6 billion in energy retrofits for homes and businesses, saving energy and money
- Energy-saving retrofits: In addition, the government is investing \$100 million to help about 37,000 homeowners conduct audits and identify energy-saving opportunities and complete retrofits, such as replacing furnaces and water heaters and upgrading insulation
- saveONenergy for Home Conservation Program: Provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home and electricity-saving measures like LED lighting, ENERGY STAR certified ceiling fans, baseboard programmable thermostats, clotheslines, and advanced powerbars.
- Removing the Debt Retirement Charge from electricity bills: This measure is saving a typical residential electricity user about \$70 each year with the removal of the debt retirement charge, as of January 1, 2016
- Ontario Electricity Support Program (OESP): The new OESP helps make electricity more affordable for low-income families. The OESP provides an ongoing rate reduction directly on the bills of low-income consumers who are eligible for the program.. Consumers will receive an on-bill credit of between \$30 and \$50 a month — customers with unique electricity requirements could be eligible for a higher level of assistance.

Rate relief is a responsible way to ensure people truly are able to benefit from their investment in a 21st century low-carbon grid to power Ontario's future. But despite these efforts and the obvious benefits of Ontario's clean grid, the price of electricity has become a challenge for many Ontario families and businesses. With the government's economic plan steadily strengthening Ontario's economy and fiscal position, the province is in a position to make another responsible, fair decision by further reducing the price that households and businesses across Ontario pay for electricity.

Families, Farms and Small Businesses

The Government intends to introduce legislation to rebate an amount equal to the provincial portion of the harmonized sales tax (HST) directly on consumers' electricity bills.

This measure will be made available to all consumers eligible for the Regulated Price Plan (RPP) customers, as defined by the Ontario Energy Board (OEB). This includes about five million families, farms and small businesses. If approved by the Legislature, this rebate will be effective January 2017.

It is anticipated that this measure alone would result in savings of about \$130 per year for the typical Ontario residential consumer. By providing direct, on-bill savings each month, Ontario families will have access to additional disposable income to save or spend, based on their household's priorities. Small businesses will be able to invest in their growth or reflect their savings in lower prices for consumers.

Additionally, and in recognition of the unique and special circumstances associated with the electricity cost-of-service for rural ratepayers, the government intends to enhance the existing Rural or Remote Electricity Rate Protection Program (RRRP) to provide even more on-bill savings for Ontario's most rural customers. Together, the rebate of the provincial portion of the HST and the enhanced RRRP, will provide eligible rural customers across Ontario will receive additional savings resulting in an on-bill monthly savings of about 20 per cent, or about \$45 per month.

Larger Business Customers

As part of the Government's commitment to helping all electricity ratepayers with the costs of one of the cleanest, most reliable systems in North America, the government also intends to implement new measures to ensure that Ontario's commercial and industrial consumers are also benefitting from lower electricity costs.

Since 2011, the Industrial Conservation Initiative (ICI) has encouraged large electricity users – primarily large industrial customers – to take on-site steps to reduce consumption during peak periods and lower their electricity costs by about one third, on average.

The ICI rewards large electricity customers who reduce consumption when the electricity system experiences the most demand and stress, for example during the warmest summer days. By making these modest changes the entire electricity system benefits. When peak demand is lowered, the province can meet its electricity needs with less system capacity. The number of new generating projects can then be reduced, which lowers costs to all consumers.

Putting Ontario's large businesses in control of their own electricity has empowered industrial customers and resulted in 1,000 megawatts of reduced peak electricity demand.

This is why Ontario will now expand the ICI program by lowering the threshold for participation and expanding eligibility beyond existing customer types. At the same time, Conservation Programs delivered by Local Distribution Companies, supported by the Independent Electricity System Operator (IESO), will continue to provide significant programs tailored to specific business classes and needs. When fully implemented, over 1,000 more industrial customers will be able to find cost savings between 14 per cent and 34 per cent, depending on their ability to implement conservation initiatives.

Expanding eligibility of the Industrial Conservation Initiative program will empower businesses to manage their electricity costs in a way that best supports their growth. And as in the past, unleashing the creativity and innovation of Ontario's industrial and commercial businesses will no doubt lead to exciting and new conservation measures. The province will actively monitor the implementation of these business programs and ensure that appropriate resources are made available to ensure maximum uptake and business cost-savings.

Any business not eligible for either the on-bill provincial HST rebate or the expanded ICI eligibility will receive an on-bill benefit via the Greenhouse Gas Reduction Account to reduce emissions while reducing rates, as part of Ontario's Climate Change Action Plan (businesses consuming more than 250,000 Kwh/year are not eligible for the provincial HST rebate and businesses consuming less than 1 MWh/year are not eligible for the expanded ICI).

In addition to these new initiatives, larger industries, small businesses and Ontario households will also have access to programs that will help lower greenhouse gas emissions while lowering energy costs through Ontario's Climate Change Action Plan, including dedicated funding to support the low-carbon transition.

Investments the people of Ontario have made in the electricity system have helped Ontario emerge from the recession with a clean, reliable and diverse power grid for the century ahead. It is therefore appropriate that as Ontario's recovery gathers force and the province strengthens its fiscal foundations, electricity ratepayers will directly benefit — and as soon as possible. Collectively, these new measures would result in meaningful and significant monthly cost savings to help Ontario families manage their own household budgets. They would help businesses invest, grow and hire new workers. And the prudent and effective management of the province's budget and economic plan means these proposed measures to deliver on-bill savings that lower the cost of electricity for all customer classes will not delay the province's plan to return the budget to balance in 2017-18.