

## **Ontario Cutting Electricity Bills by 25 Per Cent**

*System Restructuring Delivers Lasting Relief to Residential, Small Business and Farms*

**NEWS**

March 2, 2017

Ontario is lowering electricity bills by 25 per cent on average for families, farms and small businesses as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.

As part of this plan, average households will receive a 25 per cent reduction and total bill increases will be held to the rate of inflation for at least four years. People with low-incomes and those served by local distribution companies (LDC) with the highest distribution rates will benefit from even greater reductions to their electricity bills.

These measures build on previously announced initiatives to deliver broad-based rate relief including the eight per cent rebate equivalent to the provincial portion of HST from all electricity bills.

Taken together, these changes will deliver the single-largest reduction to electricity rates in Ontario history.

Recently, electricity rates have risen for two key reasons:

- Decades of under-investment in the electricity system by governments of all stripes resulted in the need to make significant investments in generation, transmission and distribution assets. At least \$50 billion has been invested to ensure the system is clean and reliable.
- Important decisions such as eliminating Ontario's use of coal, creating clean, renewable power and providing targeted support to rural and low-income customers from the rate base.

To relieve that burden on hydro ratepayers and share costs more fairly, two system fixes are being undertaken.

Ontario will refinance capital investments in the province's electricity infrastructure that will benefit ratepayers for many decades to come, ensuring that system costs are more equitably distributed over time. In addition, a number of important programs such as the Ontario Electricity Support Program (OESP) will now be funded from provincial revenues instead of by ratepayers.

The province is also launching a new Affordability Fund enhancing the existing OESP and providing on-reserve First Nations delivery credit to families.

These new measures will cost the government up to \$2.5 billion over the next three years. The province continues to project a balanced budget for 2017/18, however, hydro rate relief costs could create challenges in maintaining this target should economic growth slow. The province will provide a full update on its fiscal plan in the spring Budget.

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

## QUOTES

"Ratepayers across Ontario have been loud and clear - we need to do more to help reduce costs. The government has listened and the Fair Hydro Plan (TBC) will reduce costs now and ensure an affordable and reliable electricity system. These new measures will have a significant impact on your monthly hydro bill and will help the most vulnerable."

— Glenn Thibeault, Minister of Energy

## QUICK FACTS

- Ontario's Fair Hydro Plan will improve sector efficiency and modernize the province's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB)
- Ontario is investing \$200 million in an 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.
- These initiatives combined with other mitigation measures, it will save 25% for the typical residential electricity consumer.
- Eligible customers with the highest distribution rates will 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.
- Ontario is expanding the Industrial Conservation Initiative (ICI) program by reducing the threshold from 1MW to 500KW and targeting more small manufacturing and industrial consumers.

## LEARN MORE

- Learn how Ontario is developing the next [Long-Term Energy Plan](#).

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