Draft Key Messages

Top-Line

- Ontario's Government is taking action to help people in their everyday lives and improving access to affordable clean energy.

- We've heard from families and businesses that the costs of rebuilding our power system after years of neglect require action, so today we're taking immediate steps to fix the problem.

- Our plan to reduce bills involves:

    1. Deferring up to $2 billion annually in new electricity sector spending, saving the average family between $15 and $20 on each monthly bill for at least the next four years.

    2. Reducing delivery charges by $XX per month for rural Ontarians, saving the average rural ratepayer up to $XX annually.

    3. Enhancing targeted programs that help low-income customers, providing eligible low-income customers with $XX annually and customers that heat with electricity $XX annually. We will also extend additional targeted relief at on-reserve First Nations customers, which will provide $XX in annual relief.

    4. Expanding the powers of the Ontario Energy Board to hold a firmer line on rate applications from hydro utilities – requiring them to operate more efficiently and pass savings to consumers. Directing the Independent Electricity System Operator to reform Ontario's electricity market, fixing the foundation of our system for the future.

    5. Directing Ontario Power Generation to reduce operating costs and improve efficiencies and reduce the cost of power production, reducing system costs by $250 million and resulting in $XX in annual savings for ratepayers.

- This new plan builds on actions taken in the fall, and will mean real savings for customers:

    - Average family: $XX per month ($XX annually)

    - Rural family: $XX per month ($XX annually)

    - Low Income family: $XX per month ($XX annually)

1) Global Adjustment

- Our plan is akin to refinancing a mortgage. When we got off coal and cleaned up our power system, we set up the system for a '20 year mortgage' – it meant the prices through the Global Adjustment increased in the near term to recover those costs, but would eventually stabilize and decline in the longer term and lead to increased volatility in prices.
- We recognize the cost of these 'mortgage premiums' have put pressure on many Ontarians – especially those in communities not feeling the impact of the economic recovery or in rural areas. And we're concerned about price volatility as we move towards the out years.
- So we're taking action to address this issue – and we're refinancing our 'mortgage' to more like 30 years. This will mean smoothing Global Adjustment costs out over the longer term.
- This will mean prices will go down immediately – but we will have to pay it off a bit longer as Global Adjustment costs increases are smoothed out over a longer period.
- To manage the restructuring of the Global Adjustment, an undertaking of complex financial accounting, we're setting up an independently managed Trust (Restructuring Secretariat) to manage the 'mortgage'.
- This spring we'll release the 2017 LTEP which will include a projection of where we think is headed, but over the next four or five years Ontarians will see an immediate decrease in their electricity costs.

2) Delivery Charges

- Our plan will take action to reduce delivery charges for families living in rural and remote communities, who often pay higher costs for delivering power to their home.
- No matter where a family lives in Ontario, they should have access to affordable energy.
- Our plan will reduce delivery charges by $XX per bill for the average rural family, or $XX annually.

3) Social Programs

- Our plan will double the Ontario Electricity Support Program, which provides targeted relief for low-income families – and even more for those that heat with electricity or use medical devices.
- The average low-income family will now receive $45/month ($540/year)
- And a family of four that heats with electricity will now receive $82.50/month (~$1000/year)
- A new on-reserve First Nations benefit will also be introduced, reducing the delivery charge for the average family by up to $100 each month.

4) Sector Efficencies

- Our plan expects local hydro utilities to operate more efficiently – passing savings to consumers and reducing the delivery charge on monthly bills.
- We will expand the powers of the Ontario Energy Board to hold a firmer line on rate applications for hydro companies – ensuring they maximize savings at every turn.
- Our plan will also direct the Independent Electricity System Operator to undertake a comprehensive reform of the electricity market – helping fix the foundation of our system for the future.
- This reform is estimated to reduce system costs by up to 8 per cent, or $300 million annually

5) OPG Power Production

- Our plan will direct Ontario Power Generation to aggressively reduce their cost of power production, improving their operational efficiency by nearly $250 million annually.
- This will provide immediate savings for Ontario consumers, but will also drive long-term operational efficiencies.
- OPG will reduce their number of employees, drive efficiencies in nuclear refurbishment, and other capital projects.

Other Actions to Reduce System Costs:

- This government has taken a number of steps to reduce overall electricity system costs and ensure electricity bills remain affordable for families and businesses.
- These efforts include:
    1. Removing all provincial taxes from electricity bills, saving families 8% on each bill ($130 annually for avg.)
    2. A new agreement with Quebec to import cleaner, cheaper power – reducing costs by $70 million over the life of the agreement.
    3. Suspending Large Renewable Procurement, avoiding $3.8 billion in costs to the system.
    4. Renegotiating the Samsung Agreement, saving $3.7 billion.
    5. Reduced Feed-In-Tariff prices, saving more than $1.9 billion.
    6. Deferring the construction of two new nuclear reactors at Darlington, avoiding $15 billion in new construction costs, and amended the Bruce nuclear refurbishment agreement, representing another nearly $2 billion in cost savings relative to projections in the 2013 LTEP.
    7. Continued operation of Pickering will save ratepayers over $600 million.
    8. Introducing dispatching rules for wind generators, saving over $200 million.
    9. Reducing overall costs associated with the FIT and microFIT programs by about $800 million, as a result of lower prices and reduced procurement capacity relative to the 2013 Long-Term Energy Plan (2013 LTEP) forecast. This represents an approximate reduction of about $0.32 per month on a typical residential electricity bill over the forecast period.