Draft Narrative --- Rate Mitigation

- After decades of neglect under previous governments of all stripes, our electricity grid required major investment and modernization. So, starting in 2003 we closed the coal plants and rebuilt a reliable system.

- At the same time, we've worked to make our system fairer for low-income households and those that live in rural areas, providing benefits that reduce bills.

- But we've heard from families and businesses that the costs of these investments and social programs have grown too quickly, and require action to reduce rates now and fix the problem.

- So we're putting forward a plan to cut all electricity bills in Ontario by [*one-third (~XX%) for at least the next four years*]. This will mean significant savings for people across Ontario:

  - Average household saves: $XX per month ($XX annually)

  - Rural household saves: $XX per month ($XX annually)

  - Low Income household saves: $XX per month ($XX annually)

  - Average small business saves: $XX per month ($XX annually)

- Our plan includes:

  1. Restructuring how you're billed for hydro. The clean, reliable electricity system we've built will benefit us for decades to come, so we are spreading out the cost of that investment over a longer time period to reduce prices.

  2. Moving all social programs from your hydro bill to government funding, recognizing they are for the common good.

  3. Helping the most vulnerable Ontarians with enhanced relief, increasing support for low-income households by 100% and rural households by XX%.

- Taken together, our plan is the most significant restructuring of the electricity sector in a generation and will mean significant savings for families and businesses.

- It recognizes that the decision to clean up, modernize and make our system fairer was the right one – but that the costs of this decision should not be put on electricity bills alone.

- We will continue to invest in our grid and ensure Ontario benefits from steady supply of clean electricity – but we'll do it while ensuring all households can afford that power.

1) Global Adjustment

- Our plan is akin to refinancing a mortgage. When we got off coal and rebuilt our power system, we set up the system for a '20 year mortgage' – it meant the prices increased in the near term to recover those costs, but would eventually stabilize and decline in the longer term.

- We recognize the cost of these 'mortgage premiums' have put pressure on many people across Ontario – especially those in rural and Northern Ontario.

- So we're taking action to address this issue – and we're refinancing our 'mortgage' to more like 30 years. This will mean smoothing price increases out over the longer term.

- This will mean prices will decrease as of [*insert date*] – but we will have to pay off our mortgage a bit longer as costs increases are smoothed out over a longer period.

- In order to pay off the longer mortgage, Ontario will establish an independently managed trust. [*Placeholder for details of how trust will manage costs, look out for consumer interests, etc.*]

- This spring we'll release the 2017 LTEP which will include a projection of where we think we are headed, but over the next four or five years Ontarians will see an immediate decrease in their electricity costs.

2) Tax-basing Social Programs

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

- 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.

- These programs have been paid for through everyone's hydro bills over the years.

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

- So, we will shift these programs from being paid for through your hydro bill to being paid for through government funding.

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

3) More Help for Vulnerable Families

- Our plan will 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.

- We will also 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)

- We will also create a new on-reserve First Nations benefit, reducing the delivery charge for the average family by up to $100 each month.

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.