

Electricity Rebate for Families, Farms and Small Businesses

September 13, 2016

Provincial Tax Rebate

Ontario is introducing legislation which would rebate an amount equivalent to the provincial portion of taxes from the electricity bills for residential consumers, small businesses and farms eligible for the Regulated Rate Plan (RPP) starting January 1, 2017. This rebate is intended to offset the provincial share of the Harmonized Sales Tax (HST).

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The RPP is a blended electricity rate set by the Ontario Energy Board (OEB) for the province's five million residential consumers, small businesses and farms.

Electricity consumers that would be eligible to receive the benefit are:

- Residential Regulated Price Plan eligible consumers
- Residential retail consumers
- Multi-unit residential buildings and other facilities used as residential rental units such as long-term care homes and school residences
- Residential Regulated Price Plan eligible farms
- Many small businesses, for example, most coffee and snack retailers, convenience stores, apparel stores, hair salons and small offices

Modernizing the Rural or Remote Electricity Rate Protection Program (RRRP)

While many Ontario electricity consumers are unaware, for the last 15 years the Rural or Remote Electricity Rate Protection (RRRP) program has reduced electricity delivery costs for eligible customers located in remote, rural and northern areas. The cost of providing electricity service for customers in these low density regions is higher than to customers in more urban or more dense communities.

For most recipients, RRRP funding has been frozen at its current level since 2004. As a result, the impact of its assistance has reduced over time as electricity costs have increased to rebuild Ontario's electricity system and close coal-fired power plants.

Today, RRRP is an approximately \$175-million program. Each year, the Ontario Energy Board (OEB) approves an RRRP benefit amount to be collected from all electricity distributors by the Independent Electricity System Operator (IESO). Electricity distributors in turn pass the small board-approved retail RRRP charge on to their customers to recover the RRRP amount paid to IESO.

Through regulation the government intends to introduce further funding for the program that would increase it by \$110 million, which would result in a reduced bill of approximately \$45 per month for affected customers when combined with the proposed 8 per cent rebate. With existing and proposed rebates, average bills would likely be reduced by about \$76.

The RRRP is paid to some electricity distributors serving rural or remote customers to allow them to reduce the amount they would otherwise have to charge their customers to deliver electricity to them. For an average residential customer, the cost of supporting RRRP is roughly \$1 per month.

R2 Customers

The RRRP is provided to a number of rural residential customers and some of those residential customers are classified as R2 customers. These are customers with low density and are not in urban or moderately

urban areas in the province. R2 customers face some of the highest electricity costs in the province. There are approximately 330,000 R2 customers in Ontario.

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