$55/month Delivery Charge Cap: Fiscal and Ratepayer Impacts

- The following table highlights the program costs for the Rural or Remote Rate Protection Program (RRRP) pre- and post-enhancements outlined in the Speech from the Throne for Hydro One R2 customers, as well as estimated program costs for a $55/month cap on delivery charges for residential customers across the province:

Initiative	Total Cost/Potential Fiscal Impact ($M) (Items are inclusive of the ones before)
RRRP pre-Speech from the Throne Enhancements	$127
RRRP post-Speech from the Throne Enhancements	$242
$55 Delivery Cap for all residential consumers	$792* (*assumes the mid-point of the estimated $470-$575M in costs)

- The benefits of a $55/month cap on delivery charges would vary depending on delivery costs in a customer's LDC, as well as a customer's consumption levels. Depending on their LDC, customers of similar consumption profiles and patterns will receive different benefits. The following table outlines how such a program could impact different residential consumers:

$55 Delivery Line Cap – Example LDC Customer Benefits			
LDC	**@500kWh/Month**	**@1000kWh/Month**	**@2500kWh/Month**
Hydro One R2 **(post $60.50 RRRP)**	$0	$29.11	$139.05
Hydro One R1	$2.04	$27.42	$103.54
Toronto Hydro	$0	$9.09	$69.68
Horizon Utilities	$0	$0	$42.63
Greater Sudbury Hydro	$0	$0	$26.28
InnPower	$0	$9.01	$63.26

- Considerations about the potential $55/month delivery cap include:
  - The total cost/potential fiscal impact figures are based on extrapolations from select LDCs, and may not capture the impact of high-volume outliers;
  - The program would be subject to fiscal risk based on cost escalation and weather;
  - Setting a $55/month cap across the province could disincent utilities from pursuing cost efficiencies and/or provide an incentive for utilities to invest above and beyond basic system requirements;
  - Once a delivery cap is in place, it may be difficult to transition away from tax base subsidies. Removing the cap would lead to sudden cost increases; and

- Based on past experience, a new program to be delivered on customers' bills takes at least 6 months to implement from the time that the enabling regulation is filed because it would require billing system changes for LDCs. Such implementation costs have not been built into the estimated program costs/potential fiscal impacts outlined above.