

Executive Summary

Overview

The 2017 Long-Term Energy Plan, *Delivering Fairness and Choice*, builds on the years of investment that Ontarians made renewing and cleaning up the province's electricity system. Ontario now has a reliable electricity system that is 90 per cent free of the emissions causing climate change. Its robust supply of electricity will be sufficient to meet Ontario's foreseeable electricity demand well into the next decade. This leaves the province well positioned to plan for and meet future challenges.

Ontario's success in building a clean and reliable energy system means we can renew our focus on helping Ontarians and their families. That is the key priority of *Delivering Fairness and Choice*. The government has already brought in a number of measures to reduce electricity costs. The *Ontario Fair Hydro Plan Act, 2017* reduced electricity bills for residential consumers by an average of 25 per cent, and will ensure that electricity rates won't rise by more than the rate of inflation for four years. Ontario's Fair Hydro Plan is also helping as many as half a million small businesses and farms. Lower-income Ontarians and those living in eligible rural and northern communities are receiving even greater reductions, of as much as 40 to 50 per cent. *Delivering Fairness & Choice* will continue our focus on managing electricity system costs over the long term.

Since the release of the last Long-Term Energy Plan (LTEP), Ontario has taken a number of measures to combat climate change. These include the passage of the *Climate Change Mitigation and Low-Carbon Economy Act*, the introduction of Ontario's cap and trade program, and the release of the first Climate Change Action Plan (CCAP). *Delivering Fairness and Choice* supports the province's leading role in the global fight against climate change.

Key Elements of *Delivering Fairness and Choice*

Chapter 1. Ensuring Affordable and Accessible Energy

The projected residential price for electricity will remain below the outlooks published in the 2010 and 2013 LTEPs. The projected electricity prices for large consumers will, on average, be in line with inflation over the forecast period. This is the result of previous investments that delivered a cleaner and more reliable energy system, anticipated benefits from Market Renewal.

- Ontario's Fair Hydro Plan lowers electricity bills by 25 per cent for a typical residential consumer.

- Ontario will share the costs of existing electricity investments more fairly with future generations by refinancing a portion of the Global Adjustment, spreading the cost of the investments over a longer period of time.
- Residential customers served by local distribution companies with some of the highest rates are getting enhanced distribution rate protection.
- The First Nations Delivery Credit reduces the monthly electricity bills of on-reserve First Nation residential customers of licensed distributors.
- Ontario will enhance consumer protection by giving the Ontario Energy Board (OEB) increased regulatory authority over unit sub-meter providers.
- Ontario will continue to support expanded access to natural gas, giving customers greater choice and aiding in the economic development of their communities.

Chapter 2. Ensuring a Flexible Energy System

While the demand for electricity is expected to remain steady, and the demand for fossil fuels declines, Ontario needs a flexible energy system that can meet any of the possible future outlooks. Market Renewal in the electricity sector will allow the province to adjust to changes and cost-efficiently acquire the electricity resources that are needed to meet future demand.

- Market Renewal will refashion Ontario's wholesale electricity markets and ultimately result in a more competitive and flexible marketplace.
- Incremental capacity auctions will increase the use of competition to secure technology-neutral resources and help reduce the cost of procuring resources to meet system adequacy in a more flexible manner.
- Ontario's cap and trade program, as well as programs and initiatives in the CCAP, will support efforts to decarbonize the fuels sector.
- Ontario will maximize the use of its existing energy assets in order to limit any future cost increases for electricity consumers.
- The Province will direct the Independent Electricity System Operator (IESO) to establish a formal process for planning the future of the integrated province-wide bulk system.
- Ontario will continue to exercise strict oversight of nuclear refurbishments and ensure they provide value for ratepayers.

Chapter 3. Innovating to Meet the Future

Innovation is expanding throughout the energy system. Projected increases in the use of electric vehicles, net metering, pricing plans and storage will give customers more control and choice over how they generate, use and pay for energy.

- The Province will work with the OEB to provide customers greater choice in their electricity price plans.

- The net metering framework will continue to be enhanced to give customers new sources of clean energy and new ways to reduce their electricity bills.
- Barriers to the deployment of cost-effective energy storage will be reduced.
- Utilities will be able to intelligently and cost-effectively integrate electric vehicles into their grids, including smart charging in homes.
- The Province will articulate a vision for grid modernization in Ontario, and give local distribution companies (LDCs) more tools to overcome barriers and provide more customer choice and efficient, reliable and cost-effective services to customers.
- Ontario will build on its success and renew and enhance the Smart Grid Fund. This will continue the Province's support of Ontario's innovation sector and help overcome other barriers to grid modernization.
- The IESO will strategically deploy renewable distributed generation projects that demonstrate the value of innovative technologies to the system and to customers.
- Ontario will explore funding pilot projects to help Ontario's innovative energy companies diversify to foreign markets.
- The Province will collaborate with the federal government, universities and industry to support the province's nuclear sector.
- Innovative uses for Ontario's natural gas distribution system will be pursued.

Chapter 4. Improving Value and Performance for Consumers

As the energy sector becomes more consumer-focused, users will want increased transparency and accountability from the companies and agencies they deal with. LDCs and regulators will need to respond by renewing their focus on efficiency and reliability, and looking at new ways of doing business.

- The Province will direct the OEB to continue and enhance its efforts to improve the performance of LDCs.
- The OEB will make utilities more accountable to their consumers, promote efficiencies and cost reductions, encourage partnerships, and ensure regulatory processes are cost-effective and streamlined to accommodate changing utility business models.
- Ontario will work with the OEB and LDCs to redesign the electricity bill to make it more useful for consumers in understanding and managing their energy costs.
- The Province will direct the OEB to review the standards for reliability and quality of service for transmitters and distributors and recommend options for improving the standards. It will also ask the IESO to review how its planning and policies can improve customer reliability.
- The Province will direct the IESO to develop a competitive selection or procurement process for transmission, and to identify possible pilot projects.
- Ontario will look to the IESO and the OEB to promote the right-sizing of transmission and distribution assets at their end of life.

- Significant cost savings are possible if land for a transmission corridor in the northwest Greater Toronto Area is reserved before the area develops.
- Ontario will provide greater transparency for consumers on gasoline pricing through the OEB's transportation fuels review.

Chapter 5. Strengthening our Commitment to Energy Conservation and Efficiency

Ontario is committed to putting conservation first, both as a resource for the energy system and as a tool for consumers to manage their energy costs. The Province and its agencies will continue to assess the achievable potential for energy conservation, explore how to integrate conservation and new Green Ontario Fund programs, and empower consumers with access to data and tools, such as through the Green Button initiative. The transition to an incremental capacity auction will present opportunities for demand response to grow further and compete with other resources, based on system needs.

- Ontario will continue to set advanced efficiency standards for products and appliances and will explore setting or updating energy efficiency standards for key electrical equipment in drinking water and wastewater treatment plants.
- The Province and its agencies will further encourage LDCs to pursue energy efficiency measures on their distribution systems to achieve customer electricity and cost savings.
- The Green Ontario Fund will provide energy consumers with a co-ordinated, one-window approach to conservation and low-carbon technology programs, encouraging conservation across multiple energy sources and programs.
- Ontario is committed to expanding Green Button province-wide and intends to introduce legislation that would, if passed, enable Ontario to require electricity and natural gas utilities to implement Green Button Download My Data and Connect My Data.
- Beginning July 1, 2018, combined heat and power projects that use supplied fossil fuels to generate electricity will no longer be eligible to apply for incentives under the Conservation First Framework or the Industrial Accelerator Program. Behind the meter waste energy recovery projects will continue to be eligible, as will renewable energy projects, including those paired with energy storage systems.

Chapter 6. Responding to the Challenge of Climate Change

Ontario's robust supply of electricity will play a key role in enabling the transition to a clean economy. The Province will continue to work to support the deployment of low-carbon energy technologies.

- Ontario remains committed to an electricity system that includes renewable energy generation and supports the goals of the Province's CCAP.
- Ontario will encourage the construction of near net zero and net zero energy and carbon emission homes and buildings to reduce emissions in the building sector.

- Ontario is proposing to expand the options for net metering to give building owners more opportunities to integrate renewable energy generation and energy storage technologies.
- Advanced efficiency standards will continue to be set for products and appliances used in new and existing homes and businesses.
- Ontario will continue to work with industry partners to introduce renewable natural gas into the province's natural gas supply and expand the use of lower-carbon fuels for transportation.
- Ontario will strengthen the ability of the energy industry to anticipate the effects of climate change and integrate its impacts into its operational and infrastructure planning.

Chapter 7. Supporting First Nation and Métis Capacity and Leadership

First Nations and Métis are showing leadership in Ontario's energy sector, an unprecedented level of involvement. At the same time, First Nations and Métis face unique challenges accessing clean, reliable and affordable energy, challenges the province and its agencies will work with them to address.

- Ontario will review current programs and evaluate how to improve the availability of conservation programs for First Nations and Métis, including communities served by Independent Power Authorities.
- Ontario will continue to prioritize the connection of remote First Nation communities to the grid and continue to support the four First Nations where transmission connection is not economically feasible.
- The Aboriginal Community Energy Plan program will be expanded to help communities implement their community energy plans and support Ontario's CCAP.
- Ontario will engage with First Nations and Métis to explore options for supporting education and capacity building, the integration of small-scale renewable energy projects, net metering and other innovative solutions that address local or regional energy needs and interests.
- Innovative financing models and support tools will be investigated to lower the financing costs of projects led or partnered by First Nations or Métis.
- Ontario will report back to First Nations and Métis between Long-Term Energy Plans to provide updates on the province's progress and seek ongoing feedback.
- Ontario's Natural Gas Grant Program will support the expansion of natural gas access to First Nation communities.

Chapter 8. Supporting Regional Solutions and Infrastructure

Ontario's regions are not all alike; they have different energy needs, and can require different ways to meet them. Ontario is working with local communities to develop plans for meeting their energy requirements.

- The Province will continue to work with its agencies to implement the Conservation First policy in regional and local energy planning processes.
- With the first cycle of regional planning completed, the Province is directing the Independent IESO to review the regional planning process and report back with options and recommendations that address the challenges and opportunities that have emerged.
- Ontario's CCAP has reinforced the importance of community energy plans, and indicated Ontario's continued support for them.
- Ontario and Quebec have established seven pipeline principles to evaluate oil and natural gas pipelines, and is committed to public engagement when it undertakes reviews of major pipeline projects.

Next Steps

The development of *Delivering Fairness and Choice* followed a new legislated long-term energy planning process. The process included the development of an electricity technical reports, a comprehensive engagement process with Ontarians, and the issuance of implementation directives to the OEB and IESO. The next step is for the OEB and IESO to submit implementation plans to the Minister of Energy, which will outline how these agencies propose to implement the policies and programs in the implementation directives. The development of these implementation plans will also lay out how the agencies will engage with the public, Indigenous communities and councils, and key stakeholders.