BRIEFING NOTE – 20160911

8% Rebate

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

The RPP is a blended electricity rate set by the Ontario Energy Board (OEB) for about 5 million of the province's residential consumers, small businesses and farms.

Consumers participating in the RPP pay Time-of-Use (TOU) prices. RPP prices are adjusted every six months (in May and November) by the OEB based on projected supply cost over the next 12 months and true-up to actual costs incurred to date.

TOU prices are intended to provide an incentive to consumers to shift consumption away from high demand periods when the cost to meet province-wide demand is higher.

Some consumers are eligible for the RPP but opt out to be billed as a wholesale consumer or to sign a contract with an electricity retailer. These consumers would also receive the 8% rebate.

The proposed rebate is for the pre-tax amount on a customer's electricity bill. A household must receive an electricity bill in order to receive the proposed rebate.

For renters who pay their utility bills as part of their rent, the landlord would pass the rebate to them through decreased rent.

Eligible Customers

Eligible to receive the 8% rebate (< 50 kW or < 250,000kWh/year):

- About 5 million consumers, including:
  - 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.

Not eligible for the 8% rebate (>50 kW or >250,000kWh/year):

- Class A consumers (currently approximately 300 large consumers)
  - Manufacturers
  - Mines
  - Auto assembly plants
- Class B consumers not eligible for RPP (approximately 55,000 consumers):
  - Office towers
  - Hotels
  - General warehousing
  - Hospitals

- Colleges

Those ineligible to receive the 8% rebate will benefit from one or more of the other initiatives under this proposal (e.g., ICI expansion, proceeds recycling).

Multi-Unit Buildings and Sub-Metered Customers

Multi-unit complexes are not all metered in the same way as residential consumers. Some buildings are connected to a bulk meter and serviced by an LDC (from small low rise buildings with only a few units, to large buildings with hundreds of units). Others are connected to a bulk meter and serviced by a unit sub-metering provider (USMP), and some have units directly metered by an LDC.

Other examples of multi-unit accommodations include Long-Term Care Homes, University residences and other certain types of living accommodations (e.g., hotels, hospitals, prisons, emergency shelters). LDCs will need to work with these multi-unit complexes to ensure they receive the rebate.