Ontario

MINISTRY OF
ENERGY

Ontario Fair Hydro Plan (OFHP) Local Distribution Company Communications

April 2017

Communication Work Stream Overview

- The Ministry is preparing the following work streams to provide Local Distribution Companies (LDCs) direction on expectations for communicating Ontario Fair Hydro Plan (OFHP) program savings:

  1. Bill Insert Work Stream
  2. On-Bill Messaging Work Stream
  3. Bill Re-Design Work Stream

- This presentation provides an overview of the Ministry's intended approach in these three areas.

Bill Insert Work Stream

Objective

- To deliver a bill insert to consumers explaining the implementation of OFHP as soon as possible.

Considerations

- The Ministry is proposing language options for inclusion on the bill insert (see next slide)
- Bill insert language that is mandated by Regulation requires legislation to be passed. Language is subject to Leg Counsel determination that phrasing is factual description of OFHP.
- LDCs indicate that providing a bill insert to customers takes two months after the filing of regulations. The earliest provision of a *mandated* bill insert is August-September 2017.
- The Ministry can work with LDCs to consider providing bill inserts prior to the completion of Regulations. If May-June timing is required, the Ministry may need to take on production costs and efforts.
    - In 2016, the Ministry investigated costs for potentially designing, printing and distributing to LDCs buckslips for the 8% rebate. Quoted costs ranged around $45,000-$55,000, depending on paper quality.
- The OEB is planning to require LDCs to issue a buckslip in May to announce new RPP rates, as a result of OFHP Global Adjustment smoothing. While language will reflect regulatory communications protocols, it could satisfy near-term messaging requirements.

Next Steps

- **April:** Identify LDCs willing to move prior to Regulations and determine implementation approach.
- **May:** Volunteer bill inserts are sent to consumers.
- **June:** ENERGY includes bill insert requirement in LRC package.
- **August-September:** Remaining LDCs comply with Regulatory requirement.

Bill Insert Work Stream – Language Options

- **Option 1:** The wording below is consistent with OFHP public messaging:

> **Ontario’s Fair Hydro Plan proposes new measures to lower electricity bills by 25 per cent on average for residential consumers and initiatives to reduce costs for small businesses and manufacturers. Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions to their electricity bills. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.**
>
> **In addition any electricity rate increases over the next four years would be held to the rate of inflation. To find out more visit Ontario.ca/fairhydroplan.**

- **Option 2:** The wording below removes reference to percentage savings as not all consumers may experience the average reduction levels.

> **Ontario’s Fair Hydro Plan proposes new measures to lower electricity bills for residential consumers and initiatives to reduce costs for small businesses and manufacturers. Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions to their electricity bills. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.**
>
> **In addition any electricity rate increases over the next four years would be held to the rate of inflation. To find out more visit Ontario.ca/fairhydroplan.**

- Prior to the passage of legislation, language options must avoid contempt of Legislature. Once legislation is passed and language is moved into Regulation, it is subject to Legislative Counsel assessment of its informational value to consumers.

On-Bill Messaging Work Stream

Objective

- Provide on-bill OFHP messaging without delaying program implementation.
- Clean-up bill messaging requirements that are identified as outdated or ineffective.

Considerations

- LDCs indicate bill messaging adds time and complexity to program implementation. Many LDCs are at the limit of the amount of messaging that can be accommodated. As well, providing messaging that calculates exact customer savings is a significant billing system investment.
- Hydro One has undertaken behavioural research that indicates current approach to bill messaging can generate negative customer reaction. The introduction of OFHP has also rendered some current bill messaging redundant.
- A clean-up of current regulatory requirements could include:
    - Repeal of requirement to use 8% rebate envelopes
    - Repeal of 8% rebate on-bill message
    - Repeal of RRRP on-bill message
- These messages could be replaced with a generic reference to OFHP that is simple to implement in the near-term while more comprehensive bill re-design is contemplated (see next slide). Such an approach is not expected to delay program implementation.

Next Steps

- **April:** Determine new OFHP on-bill message and test clean-up approach with LDCs
- **June:** ENERGY includes clean-up and new OFHP message in LRC package
- **July:** LDCs make messaging adjustments in parallel with program implementation.

Bill Re-Design Work Stream

Objective

- Consider refresh of regulatory framework governing bill presentment to provide information in a manner more responsive to consumer interests.

Considerations

- Hydro One behavioural research indicated current regulatory requirements may limit the value consumers receive from their invoice, and may unintentionally create distrust of the electricity sector.
- LTEP may be an opportunity to announce the Ministry’s intention to re-design bill requirements (including invoice line items, display of customer consumption, and communication of rate mitigation programs) in a manner that reflects how consumers make use of information.
- This effort could also include how to communicate OFHP savings in a comprehensive manner.
- LDCs differ in their billing system capabilities. Regulatory guidance will need to consider what is possible and what costs would be incurred (subsequently passed on to ratepayers)

Next Steps

- **June:** Include commitment to refresh bill in LTEP
- **July:** Convene bill refresh working group with LDCs
- **December:** Target for completion of new billing regulations
- **2018:** Implementation of new bill by LDCs.

Work Stream Timeline