

KEY MESSAGES

- The OFHP legislation, supporting regulation and amendments to existing legislation (e.g., Electricity Act and Ontario Energy Board Act) enabled implementation of the following key components of the plan:
 1. Refinancing the Global Adjustment (GA) – The legislation outlines how costs will be fairly allocated among eligible consumers over time.
 2. Helping Vulnerable Electricity Consumers – The legislation broadens the Rural or Remote Protection Program (RRRP), expands the Ontario Electricity Support Program (OESP) and established a new On-Reserve First Nation Delivery Credit. The legislation also allows for these programs to be funded through the tax base.
- Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.
- We've been making important investments in a cleaner and more reliable energy system for today and tomorrow.
- The decision to invest in a clean, modern and reliable electricity system was the right one — but the costs of this decision should not be put on today's electricity bills alone.
- Ontario's Fair Hydro Plan (OFHP) brings in new initiatives that cut costs directly on your energy bill and ensure costs are shared more evenly over the years ahead.
- We are taking decisive action by lowering electricity bills for households by 25 per cent on average. The Plan includes the eight per cent rebate introduced in January 2017 and builds on previously announced initiatives to deliver broad-based rate relief on all electricity bills. Taken together, these measures are the single largest reduction in Ontario's history.
- People with low incomes and those living in eligible rural or remote communities will receive even greater savings – as much as 40-50 per cent.
- These are significant bill savings that will make a real difference.
- Ontario's Fair Hydro Plan includes:
 - o Refinancing the Global Adjustment (GA) over a longer term period. Electricity consumers that are eligible for the 8 per cent rebate are also eligible for GA refinancing, including all residential consumers, most small businesses, farms, long-term care homes and condominiums.
- Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill, including:

- o Establishing a new Affordability Fund which will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who have difficulty paying their electricity bills and are otherwise unable to make energy efficiency improvements without support.
 - o Broadening distribution rate protection to provide on-bill relief for rural customers paying the highest distribution charges in the province.
 - o Expanding the OESP, which provides relief directly on the bills of low-income consumers who have applied and meet the eligibility criteria. The expansion increased OESP credits by 50 per cent and will allow more Ontarians to benefit from the program.
 - o Establishing a new On-Reserve First Nations Delivery Credit to eliminate delivery charges for all First Nations people living on reserve.
 - o **Shifting cost recovery for the Ontario Electricity Support Program (OESP) and the majority of the Rural or Remote Rate Protection (RRRP) from electricity bills to provincial revenues, lowering regulatory charges for everyone by approximately \$3/MWh.**
- Expanding the Industrial Conservation Initiative (ICI), to include electricity consumers in the manufacturing and greenhouse sectors with an average monthly peak demand of greater than 500 kW and less than 1 MW, in addition to the consumers over 1 MW who are already eligible.
- Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB). Any rate increases over four years will be held to the rate of inflation.
- Our government had previously put forth a series of measures to help make life more affordable, effective January 1, 2017. These included:
 - o Introducing a rebate equal to the provincial portion of the HST to reduce bills by 8 per cent pre-tax;
 - o Additional relief for eligible rural and remote customers through the expansion of Rural or Remote Rate Protection (RRRP); and
 - o Expanding the Industrial Conservation Initiative (ICI), by lowering the threshold from 3 MW to 1 MW and removing sector restrictions.

Ontario's Fair Hydro Plan – Bill Comparison Chart

Ontario's Fair Hydro Plan (OFHP) July 2017 Total Bill Comparison			
	Without OFHP	With OFHP	Reduction
Toronto Hydro Customer	\$ 162	\$ 121	25%
Hydro One Customer (Low Density)	\$ 563	\$338	40%

Note: Toronto Hydro calculation assumes 750 kWh consumption with 65% consumed off-peak, 17% mid-peak, and 18% on-peak, Toronto Hydro distribution rates and standard transmission rates. "Without OFHP" bill does not include the 8% rebate introduced in January 2017.

Note: Hydro One R2 calculation assumes ~2700kWh/month (reflective of electric heat) with same Time-of-Use spread as the Toronto Hydro example. "Without OFHP" bill does not include the 8% rebate but does include the RRRP enhancement from January 1, 2017. Additional savings possible when factoring in OESP and/or FNDC.

QUESTIONS AND ANSWERS

Q1. There are a number of different pieces to the Fair Hydro Plan. Can you please explain how these new and existing initiatives will help electricity ratepayers?

Over the last decade the government has rebuilt our transmission and distribution grid, invested in clean generation, and closed the last coal-fired power plant. Prices have increased because our energy system is being transformed – more than \$50 billion has been invested to modernize the electricity system.

The government has heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that would ensure costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan provides new measures to lower electricity bills by 25 per cent on average for residential consumers and hold increases to the rate of inflation for the next four years, as well as initiatives to reduce costs for businesses. The plan includes the 8 per cent rebate introduced in January 2017 and builds on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

Ontario's Fair Hydro Plan includes:

- Refinancing the Global Adjustment (GA) over a longer time period. Electricity consumers that are eligible for the 8 per cent rebate are also eligible for GA refinancing, including all residential consumers, farms, most small businesses, long-term care homes and condominiums.
- Helping vulnerable electricity consumers by enhancing electricity support programs. Eligible consumers will receive additional funding through assistance programs including:

- o Establishing a new Affordability Fund which will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without support.
 - o Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.
 - o Expanding the Ontario Electricity Support Program (OESP) by increasing the monthly on-bill credit amounts by 50% and broadening eligibility so more people can participate.
 - o Establishing a new On-Reserve First Nations Delivery Credit.
- Expanding ICI to include smaller manufacturers and greenhouses between 500 kW and 1 MW, in addition to the large consumers over 1 MW who are already eligible.
- **Shifting cost recovery for RRRP and OESP from electricity bills to provincial revenues, lowering regulatory charges for everyone by approximately \$3/MWh.**
- Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- Any rate increases over four years will be held to the rate of inflation.

Q2. The figure of 25 per cent savings is for a typical residential consumer. How much money are households actually saving?

When we looked at how to make the system fairer, we wanted to make sure that these measures will benefit everyone.

Ontario's Fair Hydro Plan (OFHP) has lowered electricity bills by 25 per cent on average for residential consumers and will hold increases to the rate of inflation for four years. The reduction reflects a number of initiatives, including the refinancing of a portion of the Global Adjustment (GA), the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues and the rebate equivalent to the provincial portion of the Harmonized Sales Tax (HST) introduced in January 2017.

The calculation of the 25 per cent rebate is based on a Toronto Hydro residential consumer, consistent with the "proxy" electricity consumer used in the 2010, 2013 and 2017 Long-Term Energy Plans (LTEP). The calculation of the 25 per cent rebate is also based on a consumption

of 750 kilowatt hours per month, consistent with the average household consumption used by the Ontario Energy Board (OEB).

Effective July 1, 2017, the total monthly bill for the proxy customer was reduced by 25 per cent or \$41 compared to what it would have been without OFHP.

Actual impacts on specific electricity consumers will be above or below the level determined for the proxy, depending on how much electricity is used and the consumer's local distribution company.

Q3. Why will the inflationary increases for Ontario's Fair Hydro Plan be calculated based on a typical electricity consumer connected to Toronto Hydro? How is this relevant to consumers in rural and northern Ontario?

Under Ontario's Fair Hydro Plan (OFHP), all residential electricity consumers saw savings of 25 per cent on average effective July 1, 2017, representing a \$41 savings for a typical Toronto Hydro consumer. As part of the plan, increases will be held to the rate of inflation for four years. Low-income Ontarians and those living in eligible rural or remote communities are receiving even greater reductions, as much as 40 to 50 per cent on their bills.

The inflationary increases will be calculated based on a "proxy" Toronto Hydro residential consumer, consistent with the proxy electricity consumer used in the 2010, 2013 and 2017 Long-Term Energy Plans (LTEP). The calculation of the inflationary increases will also be based on a consumption of 750 kilowatt hours per month, consistent with the average household consumption used by the Ontario Energy Board (OEB).

Actual impacts will be above or below the level determined for the proxy, depending on consumption and the customer's local distribution company (LDC).

It is important to remember that, under Ontario's Fair Hydro Plan (OFHP), the government has recognized the unique pressures faced by those in rural and remote areas – introducing additional support aimed at these households. Enhanced Distribution Rate Protection means that customers in the eight highest-cost LDCs in the province will see reductions on their bill above and beyond the average 25 per cent savings for households under OFHP.

Q4. Ontario's Fair Hydro Plan will also bring savings to Ontario consumers through electricity support programs. What are these programs and who will benefit?

Eligible consumers will receive additional funding through assistance and conservation programs including:

- A newly established Affordability Fund which provides energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without support.

- Broadening Rural or Remote Electricity Rate Protection (RRRP) to provide Delivery Charge Relief for the customers of the local distribution companies (LDC's) with the highest delivery charges.
- Expanding the Ontario Electricity Support Program (OESP) by increasing the monthly on-bill credit amounts by 50% and broadening eligibility so more people can participate.
- Removing the delivery charge from the bills of on-reserve First Nations customers.

Low-Income Consumers

Q5. Why aren't you targeting relief to those who need it most instead of providing breaks to everyone?

We understand rising electricity costs are a concern for all Ontarians and appreciate that low-income Ontarians feel it even more. While all communities will benefit, we've taken extra steps protect the most vulnerable.

We currently offer both the Ontario Electricity Support Program (OESP) and the Rural and Remote Rate Protection (RRRP) program, which offer significant on-bill benefits to eligible households. As part of Ontario's Fair Hydro Plan (OFHP), these programs have been enhanced to ensure vulnerable consumers receive additional support.

For those most in need, low-income programs like the Home Assistance Program provide energy efficiency upgrades in homes at no cost to help customers reduce future electricity bills and avoid future disconnections.

We recognize that there are other electricity customers who are in need, but who do not qualify as low-income, and are helping address this through the Affordability Fund.

Q6. Is there extra support available for low-income consumers?

The government recognizes that that the price of electricity represents a challenge for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income.

That is why the OEB developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

Q7. How much are people entitled to under OESP?

Starting May 1, 2017, the OEB increased OESP support for low-income consumers by 50 per cent and expanded eligibility for the program.

OESP monthly credits now range from \$35 to \$75. Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and indigenous customers are eligible for an enhanced amount, which range from \$52 to \$113 per monthly bill.

- Credits arrive monthly on bills and are dependent on household size and income. For example:
 - **A one-person household earning \$28,000 or less could now receive \$45 per month.**
 - **A four-person household earning under \$48,000 could now qualify for \$40 per month.**
 - **Households with seven people earning a total of \$39,000 or less could receive \$75 per month**

Consumers already in the program will automatically receive a credit adjustment. Others can check to see if they are eligible for assistance under the enhanced program at OntarioElectricitySupport.ca

Q8. How many people are using OESP?

Since it was launched by the OEB on January 1, 2016, the OESP has provided monthly on-bill credits to more than 220,000 lower-income households.

The Province is also aligning the OESP with other social assistance to help get more vulnerable consumers into the program so they can receive the support they need on electricity bills.

These changes will also ensure that those deemed financially eligible for Ontario Works and the Ontario Disability Support Program will automatically be eligible for OESP

The Low-Income Energy Assistance Program (LEAP) is also available to those in need of emergency assistance on electricity or natural gas bills. It includes one-time grants up to \$600, special rules for how utilities work with LEAP clients, and conservation programs to improve energy efficiency.

Q9. Are there other support programs available?

The Low-Income Energy Assistance Program (LEAP), introduced by the OEB in January 2011, is a comprehensive province-wide strategy designed to help qualifying low-income electricity and natural gas customers. The program includes:

- **Emergency financial assistance:** A one-time grant towards your electricity or natural gas bill if you are temporarily unable to make ends meet in an emergency situation.
- **Special rules** – Utilities have to follow special rules when dealing with customers with

limited finances; for example, waiving security deposits, allowing longer payment times and more.

Other assistance for low-income energy consumers is provided through the Ontario Energy and Property Tax Credit (OEPTC) and Northern Ontario Energy Credit (NOEC).

The Affordability Fund

Q10. The Fair Hydro Plan includes new social and conservation initiatives: On-Reserve First Nations Rate and the Affordability Fund. Can you provide more details about the Affordability Fund and its status?

Recognizing that not all electricity customers who are in need are low-income, we have established The Affordability Fund to provide energy efficiency measures to those Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without support. Energy efficiency improvements can help customers reduce future electricity bills and avoid future disconnections.

The Save on Energy Home Assistance Program is available to low-income electricity customers, providing home energy efficiency upgrades at no cost.

In March 2017, the Ministry of Energy entered into an agreement with an independent Trust to administer the Affordability Fund. The Trust is responsible for distributing funds to electricity distributors across the province based on an application process and targeted eligibility criteria. The Trust's Board includes representation from three electricity distributors, two social service agencies and the Ministry of Energy (one non-voting representative).

Q11. Who will be eligible to receive funding and how much will the average household receive?

To be eligible for the Affordability Fund, an individual must own, rent or lease a residence located in Ontario and is the electricity utility account holder named in respect to the residence. Residences that are currently eligible for the Home Assistance Program must be referred into the HAP program and are not eligible for the Affordability Fund program.

Over summer 2017, the Trust sought input from the OEB and stakeholders, including LDCs and representatives of social service organizations, in establishing eligibility criteria/guidelines for LDCs to identify and verify eligible customers, any additional criteria to prioritize customers, and guidance on the funding allocation methodology. The OEB has been examining issues associated with low income energy consumers since 2008.

The level of support available to eligible households under the Affordability Fund program is based on the energy affordability burden. This is the ratio of the utility 'asked to pay amount' divided by the 'net household income'. Electricity distributors know their customers best, so the

AFT provides electricity distributors flexibility to consider other information in the determination of level of support.

Recipients could receive a range measures including:

- Energy-saving light bulbs (LEDs); power bars; energy efficient window ACs, refrigerators, freezers, dehumidifiers; low-flow showerheads, hot water blankets, pipe wrap and faucet aerators (in homes with electric water heating);
- Programmable thermostats, weather stripping, insulation (in homes with electric heating); and
- Cold climate air source heat pumps (in homes with electric heating).

On-Reserve First Nations Rate

Q12. What are you doing to reduce electricity bills for First Nations people living on reserves?

- We are providing additional support for people who live on First Nations reserves by eliminating the delivery charge for all on-reserve First Nations residential customers. We are also removing the monthly service charge for customers of licensed distributors that charge a bundled rate. **The Ontario Energy Board estimates this will provide residential customers an average monthly benefit of \$85 (or \$1,020 per year)**
- Automatically qualifying on-reserve First Nations residential customers — about 21,500 in total
- Enabling greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.

Q13. Who will be eligible to receive funding and how much will the average household receive?

Eligible customers would receive an average of \$85/month through the On-Reserve First Nations Rate. Based on Ontario Energy Board estimates, roughly 21,500 customers are eligible for this program. LDCs are working to ensure that they have the information required to automatically enroll eligible customers into the program.

Delivery Charge Reductions

Q14. Delivery charges have been a big issue for people. Why aren't you eliminating them or lowering them more than you are?

- The delivery charge on consumer bills includes the cost of delivering electricity from generating stations across the Province to homes and businesses via the high voltage (transmission) and low voltage (distribution) electricity systems and also includes the cost of distribution system losses.
- Ontario's Fair Hydro Plan recognizes that there are opportunities to enhance support for vulnerable electricity consumers, including Ontarians living in low-density areas where the cost to deliver electricity is greater than in higher-density and urban areas. These customers can experience difficulty in reducing their electricity bill through conservation, particularly when reliant on electric heating.
- As part of the Fair Hydro Plan, the Province broadened distribution rate protection to provide rate relief to customers served by Local Distribution Companies (LDCs) with some of the highest distribution rates.
- **As an example, a Hydro One low density customer on electric heat consuming 2,500kWh/month will see their distribution charge reduced by about \$75.** Specific rebate amounts will be dependent on Ontario Energy Board rate-setting processes.
- About 800,000 customers will benefit from the enhanced rate protection. Residential customers from the following LDCs will benefit from the broadened rate protection: Hydro One low density (R2) and medium density (R1) customers,, Northern Ontario Wires, Lakeland Power (Parry Sound),, Chapleau Public Utilities Corporation, Sioux Lookout Hydro, InnPower, Atikokan Hydro and Algoma Power.
- Ontario's Fair Hydro Plan also includes shifting cost recovery for RRRP and OESP through the tax base instead of through ratepayers, reducing regulatory charges for everyone and ensuring the programs continue to serve those in need.