Communications Snapshot: Electricity Price Mitigation

Communications Objectives

- Demonstrate the government's commitment to providing electricity rate relief to all Ontario electricity consumers though the introduction of proposed rate mitigation legislation and measures.

Context

- Since 2010, electricity prices have risen, particularly for households. Price increases are associated with investments to replace coal-fired electricity generation with refurbished nuclear, renewables and natural gas.
- Recently, media outlets from across the province have highlighted the effects rising electricity prices are having on residential and business consumers.
- Ontario electricity consumers are divided into three categories based on consumption:
    - **Regulated Price Plan (RPP) consumers**
        - Includes the five (5) million residential consumers in Ontario, as well as small businesses and farms.
        - RPP consumers pay a blended commodity rate regulated by the OEB, which is set every six months.
    - **Class B**
        - There are approximately 55,000 non-RPP consumers in the province. These include many small and mid-sized industrial and commercial consumers, and institutional consumers.
        - Their commodity rate is not blended or regulated – customers see separate charges for the Hourly Ontario Energy Price (HOEP) and Global Adjustment (GA). Targeted pricing programs are currently not available for Class B consumers.
    - **Class A**
        - There are about 300 large industrial consumers in Ontario.
        - On average, Class A electricity consumers pay the lowest commodity price for electricity in the province, in large part the result of the Industrial Conservation Initiative (ICI) and Northern Industrial Electricity Rate Program (NIERP) for consumers in the North.
- The Ministry of Energy (ENERGY) and Ministry of Finance (MOF) were asked to explore rate mitigation options, including offsetting the provincial portion of the Harmonized Sales Tax (HST).
- The Ministry of Energy will introduce legislation that, if passed, will provide rate relief for all RPP-eligible consumers starting in January 2017.
- The Electricity Price Mitigation Legislation proposes:
    - **An 8% Rebate for Regulated Price Plan Consumers**
        - Public pressure is building to remove the HST from electricity bills.
        - An 8% rebate for all consumers would be equal to the provincial portion of HST and funded by the tax base.
        - The rebate would appear directly on bills. As such, Local Distribution Companies (LDC) and the Independent Electricity System Operator (IESO) would be the delivery mechanism for the rebate.
- Additional measures will also be proposed to help curb electricity rates for consumers not regulated by the RPP. These include:
    - **Expand Industrial Conservation initiative (ICI)**
        - ICI lowers costs for eligible large electricity consumers that reduce consumption during peak periods. ICI consumers reduce their electricity rates by up to one-third.
        - Under the proposed change, the threshold for participation in ICI will be lowered from 3 MW to 1 MW and sectoral restrictions on participation will be removed.
        - Most newly eligible ICI participants who choose to opt-in to the program would be able to reduce their electricity costs substantially.
        - The ICI regulation would be in place by May 1, 2017.

- Those who decide to opt-in would not see a benefit until July 2018.

- **Provide relief to rural customers by updating Rural or Remote Rate Protection (RRRP)**
  - RRRP is a ratepayer-funded subsidy program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations
  - If approved, the new legislation will provide an additional $110 million in support to approximately 330,000 eligible rural customers.
- **Redirected proceeds recycling**
  - Ontario introduced the *Climate Change Mitigation and Low-carbon Economy Act* in February 2016. Under this legislation all proceeds from Ontario's cap and trade program will be deposited into a new Greenhouse Gas Reduction Account (GGRA).
  - In turn, every dollar from this account would be required to be invested in a transparent way back into green projects that reduce greenhouse gas pollution and businesses save energy.

The government intends to recycle a portion of the cap and trade auction proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers to keep rates affordable.

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Target Audience

- All electricity consumers in Ontario.

Key Messages

- Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.
- Our energy system is being transformed – we are making needed investments to modernize the system and this has resulted in an increase in energy rates for almost all Ontario-based electricity consumers.
- These changes have come at a cost to Ontario's residential, farms, institutional and business consumers.
- Ontario is proposing legislation that provides a package of reforms that would start January 1, 2017.

Strategic Approach

The Ministry will:

- Prepare House Statement, news release, backgrounders, Key message document, QAs
- Develop materials for MPP echo announcement including template news releases, one page backgrounders on ICI, HST and RRRP
- Create infographics/web sharables that depict the consumer and business benefits for the ICI, HST, RRRP and modified proceeds recycling
- Continue to update QA and housebook notes to reflect the status and messaging.

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message

Class B businesses may object that they are not benefiting	Promote the existing saveONenergy for Business programs offered by the IESO and Small Business Energy Plan	We recognize the importance of electricity prices for business. Maintaining competitiveness with respect to energy costs is a top government priority. Existing initiatives for small and medium-sized businesses include the saveONenergy for Business conservation program and the Five-Point Small Business Energy Savings Plan.
Timeline may be too short to allow LDCs to adjust their billing systems for the rebate	Allow LDCs to provide retroactive payments if they can't update their systems by January 1, 2017	**Policy to draft
Opposition parties may say government should reduce costs by eliminating overpriced renewable energy instead of taking money out of the treasury	Emphasize the role of renewable energy in cleaning up the energy system and promoting economic activity	Renewable energy is part of our overall plan for a clean, modern energy system. Ontario has the fastest growing clean tech sector in Canada. In just ten years, Ontario has become a North American leader in the development, use, and manufacturing of clean energy.
Cost of the rebate will stop Ontario from balancing the budget	Emphasize that it will help businesses stay competitive and reduce financial pressure on families	**Policy to draft
What is the rationale for collecting GGRA funds from industrial and commercial consumers then recycling the money back to them?	• Offsets the impact of cap and trade for Class B (e.g., commercial, institutional, small industrial) and Class A (e.g., large industrial) consumers.	Cap and trade is intended to incent a reduction in GHG emissions and increase the uptake of innovative technologies in order to meet the province's emission reduction targets. Including the electricity sector under cap and trade is consistent with existing programs (California and Quebec) which Ontario intends to link with. Recycling GGRA proceeds to offset the impact of cap and trade supports Ontario's Climate Change Action Plan's goals of fuel-switching and electrification. • Ontario intends to integrate with the existing cap and trade regimes in California and Quebec, both of which cover electricity sector emissions. Under the design of Ontario's cap and trade program, all of Ontario's fuel distributors will be the "point of regulation". This means that fuel distributors will be expected to purchase allowances to cover emissions associated with their consumers' emissions, including natural gas-fired electricity generators. • Initiatives eligible for funding from the Greenhouse Gas Reduction Account (GGRA) include: initiatives relating to the reduction of GHGs from energy sources through the use of renewable/alternative energy sources and initiatives that incent

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		fuel-switching away from higher GHG emitting sources to cleaner electricity.
The 8% rebate is not enough to offset the increase in electricity prices and is simply a reduced OCEB	The Ontario Clean Energy Benefit (OCEB) was a five year temporary program that ended, as planned, on December 31, 2015. The OCEB was introduced to help families, farms and small businesses, manage their costs during our transition from coal-fired electricity generation towards a clean, modern and more reliable electricity system. The good news is that Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off coal-fired generation. This means that even though Ontario is already in the middle of the pack for Canadian jurisdictions, Ontarians aren't forecast to see the kind of energy cost increases coal-dependent provinces like Alberta and Saskatchewan are. We understand the price of electricity can still be a particular challenge for those that pay a higher share of their income towards their bill – such as low-income families, seniors on a fixed income, and homeowners that heat with electricity. Recognizing this, we are introducing news measures that would take effect January 1, 2017.	According to the National Energy Board's Energy Futures 2016 publication, residential electricity prices are expected to increase in most Canadian provinces until 2032. In August 2016, Ontario's Financial Accountability Office released a commentary on home energy costs, It showed that that families in Ontario spend less money on electricity on average than in every province, except British Columbia. Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off cheap-but-dirty coal-fired generation. This means that, Ontarians won't see the kind of increases that coal-dependent provinces will down the road.

Tactics & Rollout

Launch Event	
Proposed Date and Time	**Location**
September 13, 2016 September 14, 2016 September 16, 2016	See below
Description *(What is the event, who is leading it? If it's a third party event, how does it connect to the announcement?)*	

September 13-Minister of Energy in Sudbury. Location TBC September 14- Provincial Legislature September 16 (onward)-MPP's constituencies
Visual/Photo-op *(Describe the backdrop (e.g., protected greenbelt forest) and describe any planned photo ops (e.g., boarding a new TTC streetcar).*
TBD
Speakers & Attendees
TBD

	Pre-Launch	Launch	Post-Launch
Regional Rollout Examples: - MPP Template - Speeches - Media event - Op-ed, media pitch - Editorial board meeting	Stakeholder outreach/technical briefings with LDCs	N/A	MPP echo news releases/announcements Backgrounders/Key messages QA Presentations to Ontario Chamber of Commerce
Earned Examples: - News release, etc. - Remarks - Event - Calls/emails to targeted audiences - Multilingual media - Fact sheets - House Statement	N/A	Ministry news release Backgrounders Remarks House statement QAs Targeted media outreach	Local utility communications with their customers
Digital / Social Examples: - Web content - Twitter/Facebook - Keyword / interactive web - Blogger outreach - Videos	N/A	Sharable infographics	Sharable infographics
Paid ***(must include budget)*** Examples: - TV/radio/newspaper - Online banners/ads - Advertorial - Householder/direct mail	N/A	N/A	N/A

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Evaluation

- Monitor and track
  - media reactions and editorials
  - incoming correspondence
  - response by opposition MPPs