

Response

Q. Please provide examples of savings for someone living in a city, someone living in the country, someone living in the north, someone who is low-income, someone who is First Nations, a small business, a small industrial business (new ICI participant) and a large industrial business (existing ICI participant).

The table below are indicative examples of the ratepayer impact under Ontario's Fair Hydro Plan compared to what electricity consumers would otherwise have paid.

The estimates are illustrative examples, not reflective of any "average" household or business.

Consumer Type	Estimated Savings	Percentage Reduction
1. Typical Residential Consumer	\$40 / month	25% ¹
2. Residential Consumer (Low Density)	\$225 / month	40% ¹
3. Residential Consumer (Medium Density)	\$200 / month	40% ¹
4. Low-income Residential Consumer (Existing OESP Participant)	\$60 / month	50% ¹
5. First Nations on reserve Residential Consumer	\$175 / month	60% ¹
6. Small Business (RPP eligible consumer with demand < 50 kW)	\$50 / MWh	24% ¹
7. Small Industrial (New ICI participant)	\$50 / MWh	30%
8. Large Industrial (Existing ICI participant)	\$3 / MWh	3%

Commented [LH2]: Rounded from 61% as based on updated FN savings of \$175/month.

Commented [LH1]:
DMO: For the FN Residential customer, are we assuming they are R2 because most FN residential customers would be classified as such? If not, let's just use a more 'typical' customer so not to exaggerate the savings.

SNAP have identified that this is the most common FN rate class.

Notes:

1. Based on a typical residential consumer connected to Toronto Hydro consuming 750 kWh per month with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption.
2. Based on a R2 residential consumer connected to Hydro One, heating with electricity and consuming 2,500 kWh per month with the current typical 65% off-

¹ Includes the 8%

peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).

3. Based on a R1 residential consumer living in the north connected to Hydro One, heating with electricity and consuming 2,500 kWh per month with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
4. Based on low-income residential consumer in a household of 4 with a combined income less than \$28,000 connected to Alectra, consuming 750 kWh per month and currently receiving the basic OESP credit with the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
5. Based on a First Nations residential consumer connected to Hydro One as a R2 consumer, consuming 1,300 kWh per month, with current participation in RRRP, assumes the First-Nations On-Reserve Delivery Credit would reduce the delivery line to zero. Also assumes the current typical 65% off-peak, 17% mid-peak and 18% on-peak consumption which is similar to Hydro One's example customer (66% off, 17% mid, 17% on-peak).
6. Based on a small business eligible for the Regulated Price Plan connected to Oshawa Hydro with 34% on-peak, 47% mid-peak and 18% off-peak consumption (i.e., operates around standard business hours), and includes the impact of global adjustment (GA) financing and tax-basing of social programs.
7. Based on a small industrial connected to Brantford Hydro benefiting from the funding of social programs from provincial revenues and opts in to the expanded ICI would see a reduction of about 30% if they reduce their consumption during Ontario's top five peaks. Assumes HOEP reflects the arithmetic average over time, and a load factor of about 30% to derive the peak demand factor (PDF).
8. Based on a large industrial connected to ENWIN and currently participates in ICI and would benefit funding of social programs from provincial revenues. Assumes HOEP reflects the arithmetic average over time, a load profile would yield the average forecasted Class A GA and minimal impact from ICI expansion.
9. GA refinancing is expected to come into effect on May 1, 2017. OESP costs to ratepayers will be eliminated as of May 1st, while the RRRP regulatory charge will be reduced this summer. Enhanced OESP credits will be in place for May 1st, 2017, while the broadened RRRP benefits and the First Nations Delivery Credit will be in place this summer. New ICI participants are expected to see an impact on bills beginning July 2017.

Commented [LH3]: As per input from SNAP on typical FN usage. If the desire is to stick with electric heat, recommend using 2,500 to be consistent with earlier electric heat example (#2 above).

Q. How many businesses are eligible for the Industrial Conservation Initiative (ICI)?

In 2011, the government introduced the Industrial Conservation Initiative (ICI), to provide a stronger incentive for large electricity consumers to reduce their electricity consumption during peak periods, thereby improving reliability and lowering total system costs.

In the 2014 Budget, Ontario committed to expanding ICI by lowering the eligibility threshold for the industrial sectors from five megawatts (MW) to three. As a result of this commitment, since July 1, 2015, the expanded ICI program has helped approximately 300 of Ontario's largest energy consumers save on their electricity bills.

In September 2016 Speech From the Throne, Ontario committed to expanding the ICI program by lowering the eligibility threshold for participation to one megawatt and expanding participation beyond existing customer types, increasing the number of eligible consumers by more than 1,000.

On March 2, 2017, a further expansion of ICI was announced as part of Ontario's Fair Hydro Plan, to specifically allow manufacturers with peak demand above 500 kW the ability to participate in ICI.*

*Pending Cabinet approval

Q. What is Market Renewal?

The current electricity market design for Ontario has been in place since 2002. Under this market design, electricity reliability has been ensured in the province by entering into long-term supply contracts with electricity generators. While this approach has helped to modernize our electricity generating infrastructure, it has proven to be inflexible to changing electricity system conditions and led to price increases.

As our electricity system continues to evolve, the Independent Electricity System Operator (IESO) is leading the Market Renewal project to develop an ambitious set of initiatives to fundamentally redesign Ontario's electricity markets and ensure future energy needs are met in a reliable, flexible and cost effective manner. Key initiatives within the Market Renewal include:

- Development of new "day-ahead" markets to improve efficiency and transparency;
- Introduction of a capacity auction to procure supply in a cost effective manner; and
- Enhancements to intertie scheduling to improve system flexibility.

The IESO has commissioned an independent expert to assess the potential benefits and costs from the Market Renewal. In a recent draft report, the expert has estimated potential net benefits of \$3.4 billion from the Market Renewal over the period from 2021 to 2030. The project benefits are expected to outweigh the costs by a margin of 18:1. Further benefits are expected in the long-term as the electricity system changes in response to the Market Renewal.

Stakeholders have been engaged in Market Renewal from the outset and continue to provide important feedback as initiatives moves into the next phase. Market Renewal will also leverage best practice from similar activities in other jurisdictions to further improve the overall efficiency benefits.

Market Renewal is a critical component of Ontario's Fair Hydro Plan (OFHP). Several initiatives in the OFHP, such as GA refinancing and the expansion of support programs will deliver immediate and significant relief to consumers. Market Renewal, along with efficiency work being undertaken by the Ontario Energy Board, focusses on delivering meaningful cost savings over the long-term, while ensuring that the province has a reliable, flexible and efficient electricity system to meet future needs.