

**Minister Thibeault's Lead-off Remarks | Second Reading, Ontario's proposed *Fair Hydro Act*, 2017  
May 15, 2017 (TBC)  
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**Introduction**

- Good morning/afternoon, Mr. Speaker
- I'd like to thank my fellow members in the House for being here to debate the proposed *Fair Hydro Act*.
- The Act, if passed by this legislature, would deliver the single-largest reduction to electricity rates in Ontario's history starting this summer.
- But before talking about the measures within the proposed legislation, I'd like to explain why electricity rates in this province have been increasing.
- A challenge that this proposed legislation would effectively address, if passed.

**Investing in Ontario's Electricity System**

- Mr. Speaker, let's begin with a brief overview of Ontario's electricity system.
- By all accounts, Ontarians currently benefit from a clean and reliable supply of electricity.
- According to the Independent Electricity System Operator's Ontario Planning Outlook , released last fall as part of the Ministry of Energy's Long-Term Energy Plan consultation process, we're well-positioned to meet our electricity needs over the next 10 years.
- The next decade's worth of secure energy supply is a result of the significant investments our government has made to modernize and upgrade Ontario's electricity system.
- Important investments that included more than \$50 billion in electricity generation and grid infrastructure across the province since 2003.
- These investments demonstrate our government's ongoing commitment to improve the energy system.
- Now let's jump back about 14 years in time, Mr. Speaker.
- Many of you in the House may remember that prior to 2003, we struggled with a system that relied on imports and was sorely in need of investment.
- Governments of all stripes ignored the necessary maintenance and investments the system needed.
- Now, fast forward to the present day, Ontario's electricity supply is not only reliable.

- It's also clean and green.
- That's an incredible accomplishment.

### **The End of Coal**

- Especially when you consider that in 2003, coal represented a quarter of Ontario's electricity supply mix.
- It's also an important testament to the leadership and resolution it took for the province to rid itself of dirty coal.
- Former Vice President Al Gore hailed this momentous achievement as: "the largest greenhouse gas reduction project in North America."
- He also provided our province with some high praise, stating "Ontario has distinguished itself as leader in Canada and around the world."
- And our decision to end coal-fired electricity remains the single largest climate change initiative undertaken in North America.
- And the benefits of eliminating coal are many, Mr. Speaker.
- It contributed to the reduction of smog days in Ontario from 53 in 2005 to zero last year, which is improving the health of all Ontarians.
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Ontario will also benefit from these investments to strengthen our clean and reliable electricity system for decades – both economically and environmentally.

- Cutting coal reduced the province's GHG emissions by 30 mega tonnes – the equivalent of removing up to seven million cars from Ontario's roads.
- Closing Ontario's coal plants eliminated some of Canada's largest sources of pollution – including greenhouse gases such as carbon dioxide along with other air pollutants such as sulphur dioxide, particulate matter, nitrogen oxide, mercury, arsenic and lead.
- Putting dirty coal-fired electricity generation in the rear-view mirror, places Ontario at the forefront in combatting global climate change – one of this generation's greatest challenges.
- Be it the advent of extreme weather-like floods and droughts, or rising concerns about our ability to grow foods in some regions of Ontario...
- Climate change impacts our daily lives – and we must work collectively to reduce our carbon footprint.

- By going coal-free – and doing so ahead of the scheduled closure – electricity generation in our province is one step closer in helping to meet our GHG emission reduction targets.

***Ontario's Climate Change Action Plan:***

- Mr. Speaker, these targets were outlined with the November 2015 release of Ontario's Climate Change Strategy.
- This forward-thinking strategy was followed by the release of the five-year Climate Change Action Plan (CCAP) in June 2016.
- This CCAP essentially outlines the key actions the government is taking – and will continue to take – to reduce carbon emissions in the province.
- And in all likelihood will significantly impact how energy is used in Ontario.
- Of particular importance for Ontario's energy sector, CCAP also proposes to use conservation, energy efficiency and fuel-switching to reduce the use of fossil fuels such as oil, gasoline and natural gas and increase the use of clean electricity and clean fuels.
- Equally important, CCAP leverages Ontario's GHG emission reduction targets as set out in the Climate Change Mitigation and Low-carbon Economy Act, 2016.
- Those targets are as follows...
- A 15 per cent reduction in GHG emissions below 1990 levels by 2020, followed by a 37 per cent reduction below 1990 levels by 2030, and subsequently followed by an 80 per cent reduction below 2050 levels.
- And based on greenhouse gas reporting data, available to the public, Ontario has already met its 2014 target in the form of a six per cent reduction in emission levels below 1990 levels.
- We also established the cap and trade system, a market-based system aimed at achieving the most cost-effective emissions reductions.
- By definition, a cap and trade program seeks to reduce the amount of greenhouse gas pollution released into our atmosphere by setting a limit, or cap, on the amount of greenhouse gases that can be released.<sup>i</sup>
- The cap is dropped each year to lower emissions.
- Large emitters must have enough permits, also known as allowances, to cover their emissions. If they do not, they can purchase additional permits.
- To that end, the system creates a market for a limited number of pollution permits.
- Companies that emit more than their allotment can purchase additional allowances through government auctions or through companies that have surplus allowances.

- This ensures the overall cap is maintained.
- Industries are also incented to find new ways to reduce greenhouse gas pollution whether they are buying or selling permits.
- The system rewards innovative companies, provides more certainty for industries, and creates more opportunities for investment.
- I should add: cap and trade's first compliance period began on January 1 of this year.
- And three months later, on March 22, 2017, the program's participants took part in the first auction of GHG allowances.
- And I'm proud to say that virtually all of the available 2017 vintage allowances were sold at a settlement price of \$18.08, Mr. Speaker.
- The success of this inaugural auction of greenhouse gas emissions allowances is an accomplishment that Ontarians should all be proud of.
- I would personally like to thank the Minister of the Environment and Climate Change for his tireless work on this file.
- And while we're on the subject of reducing greenhouse gas emissions, a majority of Ontarians supported this government's decision to cut out coal-fired electricity generation.
- According to an EKOS poll conducted in May of 2016, 74 per cent of Ontarians surveyed said phasing out coal and supporting renewable power was the right thing to do.
- Finally, going coal-free meets two requirements under the federal government's Pan-Canadian Framework:
  - First, that all provinces phase-out the use of traditional coal-fired power by 2030;<sup>ii</sup> and
  - Secondly, that 90 per cent of Canada's electric power generation would be free of GHG emissions by that same 2030 deadline.<sup>iii</sup>
- For added context, Mr. Speaker, Alberta, where coal represents over half of its electricity generation, based on 2015 figures, the province plans to generate 30 per cent of its electricity from renewables by 2030.
- Not to be outdone, for Saskatchewan the goal is even higher: 50 per cent renewables by 2050.
- Between the two provinces, there could be as much as 7,000 megawatts of new renewable energy supply over the next 15 years.
- Of course, Saskatchewan and Alberta aren't the only Canadian provinces to embrace renewable energy sources.

### **The Importance of Ontario's Renewable Energy Sector**

**Commented [JB1]:** CRED to review.

- Mr. Speaker, in a report released earlier this month, the National Energy Board found that renewable energy production in Canada jumped 17 per cent between 2005 and 2015.
- Currently, the portion of all electricity in Canada generated by renewables is now 66 per cent, up from 60 per cent a decade earlier.
- Globally, Canada ranks fourth in renewable energy production, behind China, the United States and Brazil.
- The National Energy Board's report also stated that wind power in Canada saw the biggest growth from 2005 to 2015.
- In 2015, wind power produced 20 times as much, more than 28,500 gigawatt hours, which amounted to 4.4 per cent of power generation.
- As for solar power, back in 2005, Canada produced almost no solar power at all.
- But in 2015, Canada produced more than 3,000 gigawatt hours.
- And according to the National Energy Board, Ontarians can take pride in the fact that our province produces a whopping ninety-eight per cent of all Canadian solar production, Mr. Speaker.
- That's truly impressive, Mr. Speaker.
- Now, with respect to the second requirement under the federal government's pan-Canadian Framework – that 90 per cent of Canada's electric power generation would be free of GHG emissions by 2030 – Ontario is well on its way in meeting this target.
- Let me take a minute to explain.
- In Ontario, renewable energy currently comprises 40 per cent of the province's installed capacity, and generates one-third of the electricity we produce based on 2016 figures.
- And when combined with nuclear energy, which does not emit GHGs and accounts for one-third of Ontario's installed capacity, as well as producing about 60 per cent of our provinces electricity...
- Ontario's electricity system is now 90 per cent emissions-free.
- This should serve as another point of pride for Ontarians.
- Now, this combination of much-needed multi-billion-dollar investments in electricity infrastructure, and the precedent-setting elimination of coal-fired electricity, came at a cost.
- This cost, in turn, led to rising electricity rates that have taken a toll on household budgets across the province.
- As a government, we have acknowledged the causes of these increases.

- While this acknowledgement was important, actions speak louder than words.

### **Previous Actions to Reduce Energy Costs**

- And in terms of concrete actions, Mr. Speaker, we previously introduced a host of measures aimed at reducing energy costs.
- These include...
- A new historic agreement with the province of Quebec that will limit GHG emissions by making Quebec's renewable energy supply available to Ontario, through their operator, Hydro-Québec, and Ontario's Independent Electricity System Operator (IESO).
- Under this inter-provincial agreement, IESO will purchase a total of up to 14 terawatt hours from Hydro-Quebec over a seven-year period, from 2017 to 2023.
- Of added significance, Ontario will reduce electricity system costs for consumers by about \$70 million from previous forecasts by importing up to 2 terawatt hours annually of clean hydro power from Quebec at targeted times when natural gas would otherwise be used.
- This is enough electricity to power the city of Kitchener for one year, Mr. Speaker.
- It will also reduce the electricity sector's GHG emissions by approximately 1 million tonnes per year.
- On top of this, Ontario will leverage Quebec's storage capacity to improve our own clean energy resources.
- Ontario, in turn, will provide 500 Megawatts of capacity for Hydro-Québec to meet Quebec's winter peak demand.
- This historic, mutually beneficial agreement is a primary example of Ontario and Quebec's long-standing relationship.
- Together, we form Canada's largest economic region, accounting for about 56 per cent of GDP and 53 per cent of interprovincial trade.
- The successful re-negotiation of the Green Energy Investment Agreement serves as another measure our province took to reduce electricity costs.
- In financial terms, this reduced contract-related costs by \$3.7 billion.
- We've also introduced a more competitive Large Renewable Procurement (LRP I) process to help drive down costs by approximately \$1.5 billion.
- Added to this, we suspended the second Large Renewable Procurement program (LRP II), as well as the Energy from Waste Standard Offer Program.

- These two measures alone provided up to \$3.8 billion in savings.
- On top of that, we reduced Feed-In Tariff (FIT) prices with the help of annual price reviews, saving Ontario ratepayers at least \$1.9 billion.
- Specific to the FIT, we limited the FIT 5 procurement target to up to 150 Megawatts and suspended future FIT procurements – resulting in up to \$129 million in savings.
- Mr. Speaker, we recently provided eligible rural ratepayers with an additional \$110 million of financial relief via the Rural or Remote Rate Protection Program (RRRP).
- In addition, we announced a further expansion of eligibility for the Industrial Conservation Initiative, lowering the ICI threshold from 5 Megawatts to 1 Megawatt and removing sector restrictions, and even further – through Ontario's Fair Hydro Plan – to 500 Kilowatts for smaller manufacturers and greenhouses.
- This could provide up to one-third in savings for eligible consumers.
- We also have the nuclear energy-related cost-saving measures to consider.
- Of particular importance is deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated \$15 billion in new construction costs, Mr. Speaker.
- Instead, we opted to focus on our existing nuclear fleet, and Ontario Power Generation OPG has now commenced the refurbishment of Darlington.
- This significant project is often described as Canada's largest clean energy project.
- It will secure 3,500 Megawatts of affordable, reliable and emissions-free power.
- It's also worth mentioning that, to date, Darlington's refurbishment is progressing well, and is on track to be completed on time and on budget.
- Managed by Ontario Power Generation, Darlington's refurbishment will create good jobs in and boost economic activity across the province.

**Commented [JB2]:** CRED to review. This was in LTEP 2013 and is now outdated.

**Commented [AL3]:** This expansion has been passed

### **The Importance of Ontario's Nuclear Energy Sector**

- According to the Conference Board of Canada, economic activity related to the Darlington's refurbishment and continued operation to 2055, will contribute a total of \$90 billion to Ontario's GDP and increase employment, on average, by over 14,000 jobs in Ontario per year.
- In addition, Ontario workers and businesses are expected to receive well over nine dollars for every 10 of the project's economic benefits.

- Aside from serving as a reliable, cost-effective and emissions-free source of electricity and providing a significant boost to our province's economy...
- Nuclear-related technology is an important source of innovative, cutting-edge research and development.
- For example, medical isotopes – a foundation of nuclear medicine that function as safe radioactive substances – are injected into a patient to light up a target organ, so that clinicians using specialized cameras can peer inside a patient's body, at a molecular level, in real-time.
- The wonders of nuclear technology don't end there, Mr. Speaker.
- The neutrons developed in nuclear research facilities help further our understanding of plant nutrition.
- This research provides essential information about advancing global food security in today's era of climate change.
- Researchers also use these neutrons to analyze the flow of pollutants in ecosystems, and to evaluate their impact on soil, lakes, streams and organisms.
- But that's not all.
- In the field of material science, neutrons infiltrate deep inside materials and provide information about interior structures at the atomic level.
- This makes them valuable for material-related scientific research and for developing advanced materials to benefit clean energy technologies and information technology hardware.
- And specific to the aerospace industry, neutrons are used to detect flaws in parts, which lead to a better lifespan and the safety of aerospace-related materials.
- In addition, research that examines the effects of cosmic radiation on aerospace components will help inform the design of satellites, space telescopes and interplanetary space probes.
- Added to this, nuclear produced neutrons are used to determine the composition and geological age of Canada's landmasses.
- And help identify deposits of resources, including gold and uranium.
- The many wonders of nuclear technology never cease to amaze me.
- Now, returning to the nuclear energy-related cost-saving measures I was speaking to earlier, we made a prudent decision to maximize the value of our existing nuclear fleet by starting the Bruce Power refurbishments in 2020, instead of 2016.
- This measure alone will help achieve \$1.7 billion in cost savings.
- Finally, Ontario will continue operating Pickering up to 2024, pending regulatory approvals.

- This will save ratepayers as much as \$600 million.
- This project would also protect 4,500 jobs right across the Durham region and reduce greenhouse gas emissions by at least eight million tonnes.

### **The Continued Need to Address Rising Electricity Rates**

- However, despite cost-saving measures I've highlighted today, electricity rates in Ontario have continued to rise, Mr. Speaker.
- And Ontarians have made one thing abundantly clear: they want substantial relief from high electricity bills.

### **LTEP Engagement**

- This concern over rapidly rising electricity rates was also raised during last fall's Long-Term Energy Plan (LTEP) engagement sessions, organized by the Ministry of Energy, between October 2016 and January 2017
- For those of you in the House not familiar with the LTEP, let me provide some background information.
- The LTEP serves as a road map that sets out the direction for Ontario's energy future for the next 20 years.
- Ontario released the first LTEP in 2010.
- Three years later, in December 2013, Ontario released its updated LTEP, *Achieving Balance*, and since then has been implementing the plan.
- In 2016, the government passed the *Energy Statute Law Amendment Act*.
- This important legislation enshrines a long-term planning framework that builds upon the robust process that was used to develop the 2013 LTEP.
- The legislation also ensures that energy planning takes a transparent and pragmatic approach, and that future LTEPs incorporate the following objectives:
  - Affordability;
  - Reliability;
  - Clean Energy;
  - GHG emissions;
  - Community and Indigenous engagement; and
  - Conservation and demand management.

**Commented [AL4]:** SNAP should review

- In addition, the legislation empowers the IESO to undertake a competitive selection of transmission-related procurement when appropriate.
- This competitive approach, in turn, will ensure that Ontario ratepayers get the best value from energy-related infrastructure investments.
- As you can imagine, developing the LTEP is a highly collaborative process that involves the Ministry of Energy's energy-related agencies and stakeholders.
- It also provides an opportunity for people from across Ontario to provide invaluable feedback.
- And with this in mind, as previously mentioned, my ministry launched the LTEP engagement last fall.
- Ontarians participated in this important conversation in three ways, Mr. Speaker.
- The first was travelling across the province to discuss issues related to the energy sector in person.
- There were stakeholder sessions and public open houses in 17 communities across the province.
- We also held 17 engagement sessions with Indigenous communities that provided First Nation and Métis community members with the opportunity to provide their perspectives and input into the LTEP process.
- In some cases, officials from the Ministry of Energy travelled to some of the most remote parts of this province to engage with members of First Nations communities to gather their feedback, firsthand.
- The second manner by which Ontarians participated in the LTEP conversation was through Energy Talks, an online survey divided into eight top-of-mind energy-related themes.
- These themes included:
  - Your Energy Use;
  - Supplying Electricity;
  - Fossil Fuels;
  - Investing in Electricity;
  - the Price of Energy – a popular topic as you can well imagine;
  - Carbon Pricing;
  - In Your Community; and
  - Your Local Utility.
- Energy Talks also included a comment section.
- The third way Ontarians participate in the LTEP conversation was to send written submissions through the Environmental Registry.
- To help inform the LTEP engagement process, the Ministry of Energy released a discussion guide and two technical reports prior to the LTEP engagement sessions.

- The first document was a discussion guide that we developed.
- Entitled *Planning Ontario's Energy Future*, this 50-page document was comprised of five informative parts and intended to inform LTEP engagement discussions.
- The second foundation document was the IESO's Ontario Planning Outlook.
- In response to an official request from the Minister of Energy and in accordance with Section 25.29(3) of the *Electricity Act, 1998*, this technical report presents the IESO's planning outlook from 2016 up until 2035.
- The final document – and developed for the first time as part of the LTEP engagement process – is the Fuels Technical Report.
- This comprehensive document, developed by Navigant Consulting Inc., provides a comprehensive overview of the current state of Ontario's fuels sector.
- Both the Ontario Planning Outlook and the Fuels Technical Reports provide outlooks for energy demand that align with initiatives from the Climate Change Action Plan.
- The reports consider how energy demand will change as the province transitions to a low-carbon economy, Mr. Speaker.
- For example, there are outlooks where demand for electricity increases if the number of electric vehicles increases.
- As demand changes, the reports identify how this would impact energy supply, transmission and distribution.
- Now that the engagement process is complete, the next step in the process is for the Ministry of Energy to develop the final LTEP based on the feedback received through the process just described.
- The final LTEP will be posted online and a decision notice will be posted on the Environmental Registry.
- All the comments received through the Environmental Registry will, in turn, be made available to the public following the final LTEP's publication.
- Finally, once the LTEP is released, I will take two important steps:
- First, subject to all necessary approvals, I will issue directives to the IESO and the Ontario Energy Board asking both entities to develop implementation plans related to the LTEP's goals and objectives.
- Second, I will conduct a review of these implementation plans to ensure the relevant goals and objectives are achieved in the proposed frameworks.

**Commented [RD5]:** These sentences presume that the LTEP and directives will be approved by Cabinet. I would propose sentences be made conditional on Cabinet approval.

- Now as I was saying earlier, be it the LTEP engagements, my meetings with members of the general public and energy stakeholders from across Ontario, I am fully aware of concerns over rising electricity rates.

### **Ontario's Fair Hydro Plan**

- Mr. Speaker, our government Bill xx is taking significant action to provide immediate and substantial relief to help lower electricity bills through the proposed Fair Hydro Act, 2017.
- If passed, this act would reduce electricity bills by 25 on average for residential consumers starting this summer.
- As many as half a million small businesses and farms would also benefit from this bill cut.
- This plan would also set rate increases at inflation for four years.
- I should add: this 25 per cent on average reduction includes the eight percent rebate, equal to the provincial portion of the Harmonized Sales Tax, effective as of January 1 of this year.
- The Fair Hydro Act would also help vulnerable electricity consumers in a multitude of ways.
- Let me explain...
- Firstly, the Rural or Remote Rate Protection (RRRP) program would be supplemented to provide a new delivery rate protection program which would provide a delivery charge relief served by the local distribution companies with the highest rates. This change would allow approximately 800,000 customers to benefit from the program, up from 350,000 today.
- As an example, a Hydro One low density customer on electric heat consuming 2,500 Kilowatt hours a month would see their distribution charged reduced by about \$75 per month -- a total savings of \$135 if you include the entire RRRP.
- Francesca Dobbyn Executive Director of Bruce Grey's United Way said "this evening out of the delivery charge, shouldered by those in rural areas, is great news."
- Secondly, Ontario's Fair Hydro Plan has expanded the Ontario Electricity Support Program (OESP), which lowers electricity costs for the most vulnerable through a rebate on their monthly bills, by increasing credits by 50 per cent and expanding eligibility.
- These changes to the OESP are effective as of May 1, 2017.
- I think it's also worth mentioning that since its launch on January 1, 2016, the OESP has accepted more than 192,000 low-income households to receive the monthly on-bill credits.
- We're also working with the Ministry of Community and Social Services to increase participation in the OESP for customers already enrolled in other provincial social assistance programs.

**Commented [JPR6]:** [D.S.] This is incorrect and should not be said in Committee. There are some residential consumers who will not benefit from this at all.

**Commented [JPR7]:** [DS] This is a potentially misleading statement as written. "This plan" could be understood to mean the proposed legislation and regulations. We already have a high degree of confidence that (i) the proposed legislation will not enable 4 years of CPI limited increases without some infusion of tax dollars, and (ii) the "plan" does not include any proposed legislative provisions to enable such an infusion of tax dollars.

**Commented [RD8]:** This sentence is not accurate. RRRP is not expanding in amount or number of customers. This sentence would be broadened to talk about broadening rate protection in general.

**Commented [CC(9)]:** Check quote -- doesn't make sense.

- Commenting on Ontario's Fair Hydro Plan, following its early March announcement, the Mayor of Kapuskasing and current President of the Federation of Northern Ontario Municipalities (FONOM), Alan Spacek, was quoted as saying, "We are pleased that electricity ratepayers will see the positive benefits of [Ontario's Fair Hydro Plan] in the near future and the commitment that rates will not increase beyond the rate of inflation for the next four years."
- And as a Northerner, I appreciate His Worship's supportive comments.
- Thirdly, if approved, the legislation would eliminate the delivery charge for all on-reserve First Nations residential customers through a new Delivery Credit.
- The Ontario Energy Board estimates that this would provide eligible customers an average monthly saving of \$85, or more than \$1,000 per year.
- Added to this, on-reserve First Nations residential customers would automatically qualify – about 21,500 customers in total.
- We would also help facilitate greater information sharing between distributors and band councils to better identify all on-reserve First Nations customers.
- This proposed measure was well received by First Nations leaders and their communities.
- Amongst them was Ontario Regional Chief Isadore Day, who said providing the delivery line credit would effectively "reduce energy poverty" in First Nations communities.
- And "allows a path forward for greater quality of life for First Nations in Ontario.
- As part of Ontario's Fair Hydro Plan, Ontario has already taken the necessary steps to establish a new Affordability Fund that will provide energy efficiency measures to Ontarians who do not qualify for low income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.
- The Affordability Fund, which does not require new legislation, will provide local distribution companies with an additional tool to help their customers who are in need.
- Local Distribution Companies will apply for funding through the Fund's administrator to offer energy efficiency measures to those customers in their service territories that meet the targeted eligibility criteria.
- Ontarians could receive measures ranging from an average of \$3,000 to \$5,000 per customer.
- Measures that could be funded include energy-saving light bulbs (LEDs), power bars, energy efficient window air conditioning units, refrigerators and insulation.
- Collectively, the proposed changes I've outlined in detail today represent the *single-largest* reduction to electricity rates in Ontario's history.
- But it doesn't end there, Mr. Speaker.
- If passed, the legislation would change how some of these measures would be funded

- Previously, the cost of social programs that help some of the most vulnerable electricity consumers was placed on the shoulders of electricity ratepayers.
- Under the proposed Fair Hydro Act, the electricity support programs I outlined earlier – the Ontario Electricity Support Program and a portion of the Rural or Remote Rate Protection Plan referable to R2 consumers – would be funded by the provincial tax base.
- These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund will cost the province about \$2.5 billion over the next three years.
- Fortunately, thanks to a strong Ontario economy we have the means to cover this cost and keep our Budget balanced.
- Last year alone, for example, Ontario's GDP grew by 2.7 per cent.
- That's almost twice the rate of growth of all of Canada.
- On a global scale, the growth in our GDP is more than both Germany's 1.9 per cent and the United States at 1.6 per cent
- In fact, Ontario's GDP is stronger than all G7 countries.
- And when it comes to Ontario's unemployment rate, in April it was 5.8 per cent – the lowest it has been since 2001.
- To continue strengthening our economy, Ontario's Fair Hydro Plan provides other measures to support businesses.
- Along with the reduction for as many as half a million small businesses, farms and greenhouses, Ontario's Fair Hydro Plan will also help reduce electricity costs for our province's medium sized job creators.
- Last month, we expanded the Industrial Conservation Initiative (ICI) to allow small manufacturers and greenhouses to qualify.
- Since 2011 this program has helped hundreds of industrial facilities save about a third on their electricity bills.
- By expanding this program we are building on one of the smartest and most successful electricity rate mitigation measures we've ever implemented.
- It's smart because it helps the electricity system lower long-term costs through peak reductions, and successful because eligible industrial customers save significantly by participating in this program.
- Last year, current ICI participants helped lower peak electricity demand in Ontario by about 1,200 MW.

**Commented [JPR10]:** Note that 20% of RRRP costs will remain on the ratebase. Only that portion of RRRP funding which is referable to R2 consumers would come from the tax base.

- That's the equivalent of one nuclear unit, Mr. Speaker
- By expanding this program to more eligible participants, we are going to put business in the drivers' seat by – allowing them more control over their electricity costs.
- Small manufactures and industries that would be eligible to participate in ICI, include:
  - The food and beverage industry;
  - Apparel;
  - Plastics and rubber;
  - Computers and electronics;
  - Transportation equipment;
  - Fabricated metal products;
  - Chemicals; and
  - Wood products.
- Partnering with the Ontario Chamber of Commerce, we will be launching an awareness campaign, so even more of our province's businesses will participate in ICI.
- Finally, I'd like to take a moment to elaborate upon a key component of the proposed Fair Hydro Act: namely, the re-financing of the Global Adjustment – or what many call the GA – which accounts for the fixed costs of running Ontario's electricity generation fleet plus the cost of conservation-related programs.
- By its very nature, Mr. Speaker, the GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available across the province, at any given time.
- As part of the proposed Fair Hydro Act, we would re-finance a portion of the GA to spread the cost of electricity-related investments over a longer period of time to better reflect Ontario's energy assets' lifespan.
- We would create a more equitable and fair electricity system through the proposed legislation – everyone in Ontario would pay their fair share to keep the lights on.
- For this reason, under the Fair Hydro Act, a portion of the cost covered by the GA would be refinanced, to make electricity bills more affordable on today's electricity consumers.
- They've already done the heavy lifting; it's now time to share the load.
- Mr. Speaker, I'm confident that if passed, the Fair Hydro Act would ensure electricity rates come down and benefit all residential customers and as many as half a million small businesses across the province.
- Equally important, by providing real relief, the Fair Hydro Act is the right thing to do.
- Thank you, Mr. Speaker.

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