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His Worship Kevin Marriott
Mayor
Township of Enniskillen
4465 Rokeby Line, R.R. 1
Petrolia ON N0N 1R0

Dear Mayor Marriott:

It was a pleasure meeting with you and your delegation at this year's Association of Municipalities of Ontario (AMO) Annual Conference in Windsor. I have given Minister Thibeault a full report of our meeting, which he was pleased to receive.

Every year, the AMO conference provides an opportunity to meet with municipal leaders and learn about the energy issues in your communities. This open dialogue is especially important as the government moves ahead with developing its next Long-Term Energy Plan (LTEP). I appreciated learning first-hand about energy-related priorities in your community. Thank you for an open and productive discussion.

Wind energy

Our government realizes that sound, prudent long-term energy planning is essential to a clean, reliable and affordable energy future.

We chose to replace coal-fired generation with cleaner sources of energy, which will not only benefit our environment but also the health of Ontarians. We know that choosing cleaner air, a healthier future and the single largest climate change action in North America was a choice the people of Ontario support.

The province's energy system relies on a balance of resources, including renewable resources such as wind and solar power, which are an important part of Ontario's energy mix.

On Sept. 1, 2016, the Independent Electricity System Operator (IESO) provided Minister Thibeault with the Ontario Planning Outlook, which advised that Ontario will benefit from a robust supply of electricity over the coming decade to meet projected energy demand. Given this strong energy position, there is no need to procure a large amount of additional power at this time, and it was therefore decided to suspend the second phase of the Large Renewable Procurement (LRP II).

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Time-of-use (TOU) pricing

Smart Meters provide environmental and system benefits, reduce costs over the long-term, and reward consumers who shift their consumption away from times when electricity is most costly to produce.

Smart meters have enabled time-of-use (TOU) pricing – the price we pay for electricity now better reflects the cost of producing it at peak and off-peak times.

With TOU, customers have the ability to better manage their costs by reducing or shifting their consumption to off-peak times when electricity is less expensive to produce. Doing this reduces Ontario's overall peak demand which means we can defer or avoid costs to invest new generation infrastructure.

Smart meters are helping electric utilities pinpoint and respond more quickly to power outages. They are giving utilities the granular information they need to monitor, operate and plan the system more efficiently.

Smart meters facilitate participation in conservation and demand response programs which are designed to help consumers better manage their usage while simultaneously helping to manage demands on the system.

Ontario has a number of conservation and energy efficiency programs in place, available through local electricity utilities that can assist homes and businesses in saving energy and managing rising electricity prices. I would encourage you to reach out to your local electricity utility to learn about available incentives.

Electricity prices

Ontario is committed to making everyday life easier, which includes helping households and businesses manage the costs of electricity. Further to the September 12, 2016 Throne Speech, the government has introduced legislation that, if passed, would rebate an amount equal to the provincial portion of the HST on residential, farm and small business bills as of January 1, 2017. This rebate would amount to annual savings of about $130 for the average household. Eligible rural ratepayers would receive additional relief, resulting in average savings of about $540 per year.

Relief for larger businesses would come through plans to expand the Industrial Conservation Initiative to more than 1,000 additional commercial, institutional and industrial customers. This incentive program will help eligible businesses reduce electricity bills by up to one-third and improve their competitiveness, while providing a benefit to the electricity system.

Ontario also has several initiatives in place that are helping consumers to manage rising energy prices.

Rate mitigation programs for residential consumers include:

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- The Ontario Electricity Support Program (OESP), which took effect on January 1, 2016, provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements. The OESP credit amount for qualified customers is based on household income and household size. Monthly credits range from $30 to $50. Customers with unique electricity requirements could be eligible for a higher level of assistance. More information is available at www.ontarioelectricitysupport.ca.

- Eliminating the Debt Retirement Charge (DRC) for residential customers on January 1, 2016, saving a typical residential electricity ratepayer about $65 per year. The DRC will be removed from Commercial and Industrial bills starting April 1, 2018.

- The Ontario Energy and Property Tax Credit (OEPTC), which provides low- to moderate-income individuals and families with relief on the sales tax they pay on energy and with their property taxes. Since July 2012, the OEPTC is paid monthly as part of the Ontario Trillium Benefit delivered through the income tax system. For the 2016 benefit year, qualifying individuals and families could receive a maximum benefit of $1,008 per year, and qualifying seniors could receive a maximum benefit of up to $1,148. Individuals can apply for this credit by completing the Ontario Benefits Application for the Ontario Trillium Benefit and the Ontario Senior Homeowners' Property Tax Grant, which is part of the personal income tax and benefit return.

- The Northern Ontario Energy Credit (NOEC), which continues to provide assistance to low- to moderate-income individuals and families living in Northern Ontario who can be exposed to higher energy costs due to more severe winters and heavier reliance on more expensive home heating fuels. The NOEC is paid monthly as part of the Ontario Trillium Benefit and is delivered through the income tax system. For the 2016 benefit year, qualifying individuals received up to $146 annually and families (including single parents) received up to $224 annually.

- The Save on Energy for Home Conservation Program provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home and electricity-saving measures like LED lighting, ENERGY STAR certified ceiling fans, baseboard programmable thermostats, clotheslines and advanced power bars.

The OEB has also implemented a province-wide strategy through the Low-Income Energy Assistance Program that includes access to financial assistance, special rules and conservation programs to help qualifying low-income consumers in critical financial need. This strategy includes:

- Emergency financial assistance in the form of grants, applied directly to qualified consumers' electricity and/or natural gas bills.

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- Special, more flexible customer service rules implemented by electricity and gas utilities to help qualified low-income consumers through difficult situations.

- Energy conservation programs to help qualified Ontario homeowners, tenants and social housing providers improve energy efficiency.

Ontario also has a number of measures in place to mitigate industrial electricity prices and help businesses manage the cost of electricity including the following:

- Industrial Conservation Initiative (ICI) lowers costs for eligible large consumers that reduce consumption during peak periods. The government is proposing to make an estimated 1,000 additional consumers eligible for the program. ICI consumers reduce their electricity rates by up to one-third.

- Northern Industrial Electricity Rate Program (NIERP), where participants receive a rebate of two cents per kilowatt hour. On average, industrial electricity prices can be reduced by over 20 per cent through the program. In 2015, the Ontario government announced the commitment to an ongoing NIERP beyond March 2016.

- Industrial Accelerator Program (IAP) provides financial incentives to eligible industrial, commercial and institutional customers that are directly or indirectly connected to the IESO transmission grid fast-track capital investment in major energy-efficiency projects.

- The Save on Energy for Business conservation program for commercial, institutional and industrial consumers offers a variety of financial incentives to businesses to increase energy efficiency and manage their bills. Incentives are available to a broad range of businesses, including institutional customers such as municipalities, for energy audits, retrofits, process and systems upgrades and small business lighting.

- Annual Demand Response Auctions are held by IESO for demand response capacity. Successful bidders (large businesses and industry) can receive payments to shift their consumption at times when the electricity system is stressed.

For further information or assistance regarding the ICI program please contact Daniel Cayley at Daniel.Cayley@ontario.ca or call 416-325-7282. For information on IAP, please contact an IESO Business Manager at ia@ieso.ca.

Consumers not eligible for either the on-bill provincial HST rebate or the expanded ICI eligibility will receive an on-bill benefit via the Greenhouse Gas Reduction Account to reduce emissions while reducing rates, as part of Ontario’s Climate Change Action Plan.

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In addition to these new initiatives, larger industries, small businesses and Ontario households will also have access to programs that will help lower greenhouse gas emissions while lowering energy costs through Ontario's Climate Change Action Plan, including dedicated funding to support the low-carbon transition.

LTEP

I would also like to take this opportunity to ensure you are aware of the upcoming consultations on the province's next LTEP. The LTEP sets out the direction for Ontario's energy future that balances the principles of cost-effectiveness, reliability, clean energy, community and Indigenous engagement, and emphasis on conservation and demand management.

Developing the LTEP is a highly collaborative process, during which the Ministry of Energy works closely with its agencies, stakeholders and Indigenous communities. The ministry will follow the process outlined in the *Energy Statute Law Amendment Act*, which came into force on July 1, 2016. The act enshrines in legislation a long-term energy planning framework that is transparent, efficient and responsive to changing technology, policy and program needs.

LTEP consultations and Indigenous engagements are expected to take place in fall 2016. The consultations and engagements will be supported by an electricity technical report released by the IESO on Sept. 1, 2016, as well as a fuels sector technical report being prepared by an expert third party. Both of these documents will be made public prior to the start of LTEP consultations and Indigenous engagements.

The formal LTEP consultation process will include in-person sessions, online consultation tools and the opportunity for stakeholders to provide submissions through the Environmental Registry, an online database that allows Ontarians to participate in decisions that affect the environment. I encourage your participation as we move ahead with this important project.

Once again, thank you for meeting with me at AMO 2016. Please accept my best wishes.

Sincerely,

Bob Delaney
Parliamentary Assistant

c: Hon. Glenn Thibeault, Minister of Energy
David Foster, MPP Liaison, Minister's Office
Craig Ruttan, Policy Advisor, Minister's Office
Meaghan Coker, Policy Advisor, Minister's Office