
Ontario Rebate for Electricity Consumers Act, 2016

Opposition Briefing

September 19, 2016

Rate Mitigation Proposal

- The Ministry of Energy is proposing to implement the following electricity price mitigation initiatives. The approach identified below would provide relief across all electricity consumer classes:
 - 1) Provide an 8% rebate equal to the provincial portion of HST to consumers eligible for the Regulated Price Plan (i.e., residential, small business and farms) and other eligible consumers. As well, update the Rural or Remote Rate Protection (RRRP) program, to provide additional relief to rural customers; and
 - 2) Expand Industrial Conservation Initiative (ICI) eligibility by lowering the threshold to 1 MW, to provide support to some additional Class B electricity consumers (i.e., commercial, institutional and small industrial) and recycle cap and trade proceeds to commercial and industrial electricity consumers to provide a reduction in rates.
- The following slides provide additional information on the above initiatives.

Rate Mitigation Proposal – Illustrative Benefits

- This bill and other new measures would provide a benefit to all electricity consumers in Ontario, including:
 - Reducing the average Ontario residential electricity bill by 8 per cent (8%) on the amount before tax or \$11 each month
 - Decreasing total bills for eligible rural customers by \$45 each month
 - Empowering more than 1,000 businesses to reduce bills by up to one-third through the Industrial Conservation Initiative (ICI).

Summary of Illustrative Benefits

	Benefit
Typical residential consumer	\$11/month
Eligible rural consumer	\$45/month
Newly eligible ICI consumer	34% savings

Overview - *Ontario Rebate for Electricity Consumers Act, 2016*

- The *Ontario Rebate for Electricity Consumers Act, 2016* would put in place financial assistance for certain Ontario electricity consumers in respect of electricity costs.
- The financial assistance on their electricity accounts for each billing period would be an amount equal to 8 per cent of electricity costs before tax.
 - The amount of financial assistance for a billing period would be required to be shown on invoices issued to consumers for the billing period.
- The Act authorizes the making of regulations to reimburse electricity vendors for amounts credited to consumers' accounts under the Act. The Act authorizes the making of other regulations to put in place mechanisms needed to implement the financial assistance.
- *The Ontario Energy Board Act, 1998*, would be amended so that provisions of the *Ontario Rebate for Electricity Consumers Act, 2016* and regulations made under it will be enforceable by the Ontario Energy Board.
- The Act would also amend the *Ontario Clean Energy Benefit Act, 2010* to authorize the making of regulations under that Act in respect of cut-off dates for claiming or reimbursing unpaid financial assistance under that Act.

Eligibility for 8% Rebate

- The eligibility criteria for the 8% rebate is as follows:
 - Consumers with a demand of 50 kW or less
 - Consumers with a demand of 250,000 kWh/year or less
 - Farms
 - Multi-unit residential buildings and other facilities used as residential rental units
 - Dwellings
 - Condominiums
 - Co-operatives with housing units
- Consumers would be entitled to the financial assistance as of January 1, 2017 and would receive a retroactive payment once the local distributor begins issuing the rebates if the distributor needs more time to adjust their billing systems.
- Those ineligible to receive the 8% rebate would benefit from one or more of the other initiatives under this proposal (e.g., ICI expansion, proceeds recycling, etc).

Rural or Remote Rate Protection (RRRP) Update

- ENERGY is proposing to amend O.Reg 442/01 to provide additional support in rate protection to eligible rural or remote electricity consumers, and consider options to periodically adjust the amount of rate protection available to these consumers going forward.
- RRRP is a rate-based funded program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations all across the Province.
 - RRRP funding for certain rural customers has been capped via regulation since the early 2000s.
 - As a result, the impact of its assistance has diluted over time as electricity costs have risen.
- Additional program funding would see an increased benefit for eligible rural customers which, including the 8% rebate, would be approximately \$540 annually or \$45/month, based on average consumption of 1000kWh per month.

Industrial Conservation Initiative (ICI) Expansion

- Introduced in 2011, ICI provides an incentive for the largest electricity consumers in the province to shift usage away from the highest demand hours of the year.
 - ICI reduced Ontario's peak electricity demand by an estimated 1,000 MW in 2015.
- Currently, electricity consumers over 5 MW and consumers from 3-5 MW in certain energy intensive sectors are eligible for ICI (i.e., approximately 300 Class A consumers).
- ENERGY is proposing to amend O. Reg. 429/04 to expand ICI eligibility by lowering the eligibility threshold. ICI would be expanded so that all consumers over 1 MW are eligible for the program.
- Over 1000 new electricity consumers are expected to be eligible for the expanded program.
 - The impact of the expansion will depend on uptake by newly eligible consumers and the degree to which these consumers change their consumption behaviour.

Recycle Cap and Trade Proceeds Recycling

- Ontario eliminated coal-fired electricity generation, replacing it with cleaner sources of energy, which has decreased electricity sector emissions by approximately 80 per cent since 2003.
- As outlined in the 2016 Budget and the Climate Change Action Plan, the government intends to use a portion of the cap and trade auction proceeds to reduce greenhouse gases by helping industrial and commercial electricity consumers use less electricity, which will also help to keep rates affordable.
- By keeping electricity affordable, consumers will be incented to fuel-switch away from fossil fuels toward much cleaner grid-connected electricity, supporting CCAP goals of electrification.