
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 Ontario residential electricity bills by 8 per cent on the amount before tax, an average savings of about \$130 annually or \$11 each month
 - Providing eligible rural ratepayers with additional relief, decreasing total electricity bills by an average of \$540 a year or \$45 each month, which includes the 8 per cent rebate.
 - Empowering businesses to reduce their bill by up to 34 per cent through the expansion of the Industrial Conservation Initiative (ICI).

Summary of Illustrative Benefits

	Benefit
Typical residential consumer	\$11/month
Eligible rural consumer	\$45/month
Newly eligible ICI consumer	Up to 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

- While many Ontario electricity consumers are unaware, for the last 15 years the Rural or Remote Electricity Rate Protection (RRRP) program has reduced electricity delivery costs for eligible customers located in remote, rural and northern areas. The cost of providing electricity service for customers in these low density regions is higher than to customers in more urban or more dense communities.
- Today, RRRP is an approximately \$175-million program. Each year, the Ontario Energy Board (OEB) approves a RRRP benefit amount to be collected from all electricity distributors by the Independent Electricity System Operator (IESO). Electricity distributors in turn pass the Board-approved retail RRRP charge on to their customers to recover the RRRP amount paid to IESO.
- For the majority of recipients (approximately 330,000 customers located in rural areas), RRRP funding has been frozen at its current level since 2004. As a result, the impact of its assistance has reduced over time as electricity costs have increased to rebuild Ontario's electricity system and close coal-fired power plants.
- 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.
 - 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

- 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 (CCAP) the government plans to use a portion of the cap and trade auction proceeds to reduce greenhouse gas (GHG) emissions by helping industrial and commercial electricity consumers use less electricity, which will also help to keep electricity rates affordable.
- By keeping electricity rates affordable, electricity consumers will be incented to fuel-switch away from conventional fossil fuels toward much cleaner grid-connected electricity, supporting CCAP goals of electrification.

Recycle Cap and Trade Proceeds

- Because the 8% rebate for RPP-eligible electricity consumers will exceed the 2016 Budget commitment to provide a benefit of up to \$2 per month to the typical residential electricity consumer, cap and trade proceeds can be redirected to commercial and industrial electricity consumers.
- Recycling cap and trade proceeds to these electricity consumers defrays the ongoing costs associated with reducing GHG emissions in the electricity system (i.e., through conservation, renewables and nuclear generation), incents fuel switching from conventional fossil fuels and maintains an incentive to shift consumption to off-peak hours.
- The Ministry of Energy continues to consult with electricity consumers and work with IESO, OEB and MOECC on implementation details.