Q&A Response

Q. What would the ratepayer benefit be of funding a portion of conservation costs (currently funded fully through the Global Adjustment (GA)) with cap and trade auction proceeds previously committed in the Climate Change Action Plan "to keep electricity rates affordable"?

Under the Climate Change Action Plan (CCAP), Ontario committed $1 billion to $1.32 billion of intended Greenhouse Gas Reduction Account (GGRA) funding over the 2017 to 2020 period to keep electricity rates affordable (i.e., first compliance period).

This funding could be directed towards offsetting a portion of the cost of conservation programs which support the reduction of greenhouse gas (GHG) emissions.

Assuming this committed funding is allocated equally over the four year per
iod at $250 million to $330 million annually, electricity bills would be reduced by up to $1.90 per month for a Toronto Hydro consumer using 750 kWh per month. Class B commercial and small industrial consumer would have been reduced by up to $2.50 per MWh.

Note: the estimates below reflect a range consistent with the funding envelope under the CCAP.

	2017	2018	2019	2020
Residential bill impact ($/month)	1.43 – 1.90	1.43 – 1.90	1.43 – 1.90	1.43 – 1.90
Class A – Industrial bill impact ($/MWh)	1.20 – 1.56	1.20 – 1.56	1.20 – 1.56	1.20 – 1.56
Class B – Commercial and small Industrial bill impact ($/MWh)	1.90 – 2.50	1.90 – 2.50	1.90 – 2.50	1.90 – 2.50

Q. What would the ratepayer benefit be from eliminating the cost shift from large industrials to small electricity consumers through the Industrial Conservation Initiative?

Removing the cost shift related to the Industrial Conservation Initiative (ICI) would reduce electricity bills for all non-participating consumers (i.e., residential and Class B commercial and small industrial).

In 2016, residential bills would have been reduced by about $5.25 per month for a Toronto Hydro consumer using 750 kWh per month, while Class B commercial and small industrial consumer would have been reduced by $7 per MWh.

Note: The cost shift from large industrial to small electricity consumers was about $900 million in 2016.

Q. What would the ratepayer benefit be from removing DRC from bills?

The Debt Retirement Charge (DRC) has already been removed from residential bills. For all other consumers the DRC is scheduled to be removed by April 2018.

Eliminating DRC earlier would save $7/MWh for all non-residential consumers. This would represent a 4% reduction for a Class B commercial and small industrial consumer.

Note: The fiscal impact would be about $260 million for 2017-18 if implemented in April 2017.