Sessional Paper No.P-60

P-60 Petition relating to Electricity Debt (Sessional Paper No. 60) (Tabled by MPP McNaughton, September 25, 2017)

Response

Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians.

Over the last fifteen years the government has rebuilt our transmission and distribution grid, invested in clean generation, and closed the last coal-fired power plant. Prices have increased because our energy system is being transformed – more than $70 billion has been invested to modernize the electricity system.

The government has heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we have moved forward with a plan that will ensure costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan has lowered electricity bills by 25 per cent on average for residential consumers. Under the plan, increases to bills will be held to the rate of inflation for four years. As many as half a million small businesses and farms are also benefitting. The plan also includes initiatives to reduce costs for businesses. The plan includes the 8 per cent Ontario Rebate for Electricity Consumers (OREC) introduced in January 2017 and builds on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

Ontario's Fair Hydro Plan includes:

- Refinancing a portion of the Global Adjustment (GA), a charge on bills that ensures full recovery of electricity system costs, over a longer time period. Electricity consumers that are eligible for the 8 per cent rebate are also eligible for GA refinancing, including all residential consumers, farms, most small businesses, long-term care homes and condominiums.

- Helping vulnerable electricity consumers by enhancing electricity conservation and support programs. Eligible consumers will receive additional support through programs including:

    - Establishing a new Affordability Fund to provide energy efficiency measures to Ontarians who are not eligible for the Home Assistance Program, and who are otherwise unable to make energy efficiency improvements without the support.

    - Expanding distribution rate protection to provide distribution charge relief for the residential customers of the local distribution companies (LDC's) with the highest distribution charges.

    - Expanding the Ontario Electricity Support Program (OESP) by increasing the monthly on-bill credit amounts by 50 per cent and broadening eligibility so more people can participate.

    - Establishing a new On-Reserve First Nations Delivery Credit.

- Expanding the Industrial Conservation Initiative (ICI), which provides a strong incentive to participants to lower demand during peak hours. ICI now includes smaller manufacturers and greenhouses with monthly maximum demand between 500 kW and 1 MW, in addition to the consumers with average peak demand over 1 MW who were already eligible.

- Shifting cost recovery for OESP and the majority of the Rural or Remote Rate Protection (RRRP) program from electricity bills to provincial revenues, lowering regulatory charges for everyone by approximately $3/MWh.

- Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

Ontario's Fair Hydro Plan is the biggest rate reduction in Ontario's history. It recognizes that the decision to invest in a clean, modern and reliable system was the right one – but that the costs of this decision should not be put on today's electricity bills alone.

Reducing System Costs

The government has also taken a number of actions to reduce overall system costs for the benefit of ratepayers, including:

- Renegotiating the Green Energy Investment Agreement in 2013, reducing contract costs by $3.7 billion.

- As a result of annual price reviews, revised procurement totals, and the introduction of competitive procurement for large renewable projects, the FIT, microFIT and LRP I initiatives are expected to cost at least $3 billion less than forecasted in the 2013 LTEP.

- Deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs.

- Maximizing the value of our existing nuclear fleet by starting Bruce refurbishments in 2020 instead of 2016, achieving $1.7 billion in savings relative to the 2013 LTEP forecast, and by continuing to operate Pickering up to 2024 (pending regulatory approvals), saving ratepayers as much as $600 million.

- Suspending the second round of the Large Renewable Procurement (LRP II) process and the Energy-from-Waste Standard Offer Program, which is expected to save up to $3.8 billion in electricity system costs relative to the 2013 LTEP forecast.

- Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focusses on continuing to take costs out of the electricity system to put downward pressure on bills. For example, the Independent Electricity System Operator's (IESO) Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms to meet system needs at lowest cost. The project is expected to save up to $5.2 billion over a 10-year period and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Existing Programs

Ontario also has several initiatives in place that are helping consumers to manage their energy costs, including:

- The Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

    - This is a rate relief program for low-income ratepayers who have applied and meet the eligibility requirements. With Ontario's Fair Hydro Plan, the OESP program benefits have increased across the board by 50 per cent on May 1, 2017.

    - For example, single low-income consumers eligible for the lowest credit amount now receive $45 per month, an increase from the previous $30, or an increase of $180 per year. For the enhanced credit, the lowest credit amount has increased from $45 to $68, or an annual increase of $276.

    - In addition, the eligibility categories have been expanded so more Ontarians can access the OESP and get much needed support on their electricity bills.

- Moving the OESP from the rate base to government funding will provide an immediate cost reduction for Ontario customers. Enhancing the program provides greater relief to the most vulnerable families in Ontario, and ensures the program reaches as many eligible customers as possible. This helps manage costs for customers.

- Eliminating the Debt Retirement Charge (DRC) for residential customers as of January 1, 2016. This is saving a typical residential electricity ratepayer who consumes 750 kWh per month about $65 per year. The DRC will be removed from commercial and industrial bills starting April 1, 2018.

- The Northern Ontario Energy Credit (NOEC), which continues to provide targeted 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 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.

- Ontario has a suite of electricity and natural gas conservation programs in place that help homes and businesses (including municipal, commercial and industrial customers) manage their electricity bills through the installation of energy saving measures, or by using energy wisely.

- Program offerings through the new Green Ontario Fund will help Ontario businesses and industries increase their use of low-carbon technologies while also reducing costs.

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The Honourable Glenn Thibeault
Minister of Energy