

Ontario Cutting Electricity Bills by 25 Per Cent

System Restructuring Delivers Lasting Relief to Households Across Province

NEWS

March 2, 2017

Ontario is lowering electricity bills by 25 per cent for the average residential customer as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.

Starting this summer, Ontario's Fair Hydro Plan would provide households, as well as small businesses and farms, with this 25 per cent break. People with low incomes and those served by local distribution companies (LDCs) with the highest distribution costs, many of whom live in rural communities, would benefit from even greater reductions to their electricity bills. As part of this initiative, rate increases over the next four years would be held to the rate of inflation for everyone.

These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

Taken together, these changes would deliver the single-largest reduction to electricity rates in Ontario's history.

Recently, electricity rates have risen for two key reasons:

- Decades of under-investment in the electricity system by governments of all stripes resulted in the need to invest more than \$50 billion in generation, transmission and distribution assets, to ensure the system is clean and reliable
- The decision to eliminate Ontario's use of coal and produce clean, renewable power, as well as policies put in place to provide targeted support to rural and low-income customers have created additional costs.

The burden of financing these system improvements and funding these key programs has unfairly fallen almost entirely on the shoulders of today's ratepayers. To relieve that burden and share costs more fairly, two system fixes are being undertaken.

Recognizing the electricity infrastructure that has been built will last for many decades to come, the province would refinance those capital investments to ensure that system costs are more equitably distributed over time. In addition, a number of important programs, such as the Ontario Electricity Support Program (OESP), will now be funded by the government instead of by ratepayers.

The province would also launch a new Affordability Fund, enhance the existing OESP and provide on-reserve First Nations households with a delivery credit. These new measures will cost the government up to \$2.5 billion over the next three years.

The province continues to project a balanced budget for 2017–18. However, hydro rate relief costs could create challenges in maintaining this target should economic growth slow. The province will provide a full update on its fiscal plan in the spring Budget.

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

QUOTES

"I have heard from people around the province who are worried about the price they are asked to pay for electricity and the impact it has on their household budget. Electricity is a necessity. By fixing problems in the system, we will be able to provide every residential customer in Ontario with an average 25 per cent off their bills now and make rates fairer in the future."
— Kathleen Wynne, Premier of Ontario

"Ratepayers across Ontario have been loud and clear — we need to do more to help reduce costs. The government has listened and Ontario's Fair Hydro Plan would reduce costs now and ensure an affordable and reliable electricity system. These new measures would have a significant impact on your monthly hydro bill and would help the most vulnerable."
— Glenn Thibeault, Minister of Energy

QUICK FACTS

- Ontario's Fair Hydro Plan would improve sector efficiency and modernize the province's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- The Affordability Fund would be accessible to Local Distribution Companies (LDCs) for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
- On-reserve First Nations households would receive a 100 per cent credit of the delivery line on their monthly electricity bills.
- The expanded OESP would provide an additional \$180 to \$276 per year for households of eligible size and combined income.
- Ontario is expanding the Industrial Conservation Initiative (ICI) program by reducing the threshold from 1 MW to 500 kW and targeting more small manufacturing and industrial consumers.
- Household consumption varies based on factors such as home size and source of heating and cooling. An average household uses about 750 kWh per month.

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