

Q&A Response

Q. What is the revised cost forecast for the 8% rebate as result of the measures announced in Ontario's Fair Hydro Plan?

Key measures announced in Ontario's Fair Hydro Plan (OFHP) are expected to reduce the cost of the 8% rebate for the Province. The cost to the Province is expected to decrease as the total cost of electricity paid by eligible customers, upon which the rebate is based, will be reduced.

ENERGY has updated the cost forecast for the 8% rebate based upon the following:

- Independent Electricity System Operator updated its Ontario Planning Outlook (OPO) with respect to a typical bill for a residential consumer as outlined in the March 1, 2017 Cabinet Submission. This revised OPO price outlook is inclusive of all the recently announced measures including cancellation of LRP II and EFW and expansion of ICI.
- ENERGY's estimates of the reduction to a typical bill for a residential consumer as a result of the Global Adjustment (GA) refinancing and funding electricity support programs through provincial revenues as announced in the OFHP.
- ENERGY's estimates of the reduction in costs for consumers that benefit from electricity support programs as announced in the OFHP (i.e., expanded Rural or Remote Rate Protection, enhanced Ontario Electricity Support Program and the First Nations Delivery Rebate). For Fiscal Year 2017-2018 this includes a 50% adjustment to the cost given that implementation of the expanded programs is expected to be deferred to September 2017.

	2017-2018	2018-2019	2019-2020
ENERGY Estimate (August 26, 2016) (\$ million)	1,006	1,004	944
ENERGY's Revised Cost Estimate (September 8, 2016) (\$ million)	1,119	1,086	1,171
ENERGY Revised Estimate (March 15, 2017) (\$ million)	939	882	882
Change: March 15, 2017 vs August 26, 2016	-7%	-12%	-7%
Change: March 15, 2017 vs September 8, 2016	-16%	-19%	-25%

NOTE: The above estimates are subject to variances as result of uncertainties in demand, natural gas prices and other factors. These uncertainties also impact the variance account for the Regulated Price Plan (RPP).

Estimate Assumptions:

	2017	2018	2019	2020
Annual Average Electricity Price, Pre-tax, after Mitigation Programs (\$ per month)	127*	120	122	125

***Note:** Value adjusted from \$117 to account for deferral of implementation to May 2017 (GA refinancing) and July 2017 (tax-basing electricity support programs).

Source: OPO February 2017 and ENERGY estimates / Cabinet Submission March 1, 2017

	2017-2018	2018-2019	2019-2020	2020-2021
Cost of Expanded Electricity Support Programs in OFHP (\$m)	499**	753	829	892

****Note:** Value adjusted from \$665 million to account for deferral of implementation to July 2017.

Source: ENERGY estimates / Cabinet Submission March 1, 2017

	Base year
Total volume eligible for rebate (TWh)	71
Residential sector total eligible for rebate (TWh)	42
Portion of residential sector on retail contract (%)	10
Retail Premium: Residential (\$/kWh)	0.03
Multi-unit sector total eligible for rebate (TWh)	7
Portion of multi-unit sector on retail contract (%)	10
Retail Premium: multi-unit (\$/kWh)	0.02
Commercial sector total eligible for rebate (TWh)	20
Portion of commercial sector on retail contract (%)	26
Retail Premium: Commercial (\$/kWh)	0.02
Agricultural sector total eligible for rebate (TWh)	1.9
Residential demand growth (2016-2023)	-0.6%
Commercial demand growth (2016-2023)	0.3%

Source: OCEB database, 2016 OPO and ENERGY analysis