Ontario

NEWS

Office of the Premier

Ontario Cutting Electricity Bills by 25 Per Cent

System Restructuring Delivers Lasting Relief to Households Across Province

NEWS March 2, 2017

Ontario is taking actions to lower electricity bills by an estimated 25 per cent on average for a typical 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, subject to enacting legislation to be developed and proposed. People with low incomes and those living in rural communities would benefit from even additional 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 a typical residential customer.

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 will deliver the single-largest reduction to electricity bills 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 will also broaden the Rural or Remote Rate Protection Plan (RRRP) to include other high delivery cost local distribution companies and Hydro One's R1 customers, enhance the existing OESP and provide on-reserve First Nations households with a delivery credit. The existing OESP and RRRP, and these new measures will now also be government-funded, removing an estimated $3 billion in costs to electricity ratepayers over the next four years. The province will also launch a new Affordability Fund.

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Commented [SK81]: Other Backgrounders went with the term 'additional' rather than 'even greater'.

Furthermore "even greater" implied that these customers will receive greater than 25% reductions.

However those rural community customers have higher distribution charges so the magnitude of the GA smoothing won't have a similar proportional impact.

Commented [SK82R2]: Agreed. Suggest deletion.

The Cab Sub from Energy has no mention of keeping bill increases at the rate of inflation. (Note: CO note mentions this, without getting into further detail).

While the Electricity Component of the bill can be controlled with the GA smoothing, the Delivery portions will not be and thus cannot ensure it rises at the rate of inflation.

Commented [KR(3]: Shouldn't this be qualified? "All residential customers"? Or "all regulated price plan-eligible customers"?

Commented [KR(4]: Can Energy support this statement?

In the 20 years prior to 2003, Darlington was built, as were all the NUGs, as well as some merchant gas plants such as Brighton Beach, and the restart of Pickering A, Unit 4.

Commented [KR(5]: Not sure -- this is a very small component.

Commented [KR(6]: No mention of the broadened RRRP?

Commented [KR(7]: No mention of the broadened RRRP?

The province remains committed to balancing the budget in 2017–18 while continuing to make investments in priority areas such as hydro rate relief. The government will provide a full update on its fiscal plan in the upcoming Budget.
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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 also 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 Rural or Remote Rate Protection (RRRP) is a program that provides a rate subsidy to rural and remote residential customers who are faced with higher distribution costs relative to urban areas.

- 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 customers will receive a 100 per cent credit of the delivery line on their monthly electricity bills.

- The expanded OESP will 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 1MW to 500KW, including more small manufacturing and industrial consumers.

Commented [SK88R8]: It seems to be, suggest reverting back.

Per Cab Sub:

Target the expansion to energy intensive industries with the North American Industry Classification System (NAICS) codes 31 -33 (i.e., Manufacturing).

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