

Topic: Energy Update

Ontario is delivering the largest single reduction to electricity rates in the province's history.

Chapter 2, page 4 – Helping You and Your Family – Delivering the Largest Single Reduction to Electricity Rates in Ontario's History

What's New:

- Fair Hydro Plan (FHP), announced March 2017
 - Lowering electricity bills by 25% on average, beginning this summer, for eligible residential, farm and small business customers through GA refinancing.
 - Approximately 500,000 small businesses and farms will benefit.
 - Funding certain electricity support programs through the tax base instead of the rate base, which will cost up to \$2.5B over the next three years.
 - **First Nations On-Reserve Delivery Credit** – Eliminating delivery charges for eligible households, saving them about \$1,020/yr.
 - **Rural or Remote Electricity Rate Protection (RRRP) program** – Expanding RRRP to lower distribution delivery charges for about 800,000 customers served by 8 LDCs with highest rates
 - **Ontario Electricity Support Program (OESP)** – Increasing the monthly benefit by 50%, and pursuing automatic qualification for those enrolled in other social assistance programs
 - **Affordability Fund** – Helping people ineligible for low-income conservation programs, make energy-efficient home improvements
 - Reducing electricity costs for businesses
 - Further expanding the Industrial Conservation Initiative (ICI) program by reducing the eligibility threshold from 1MW to 500kW for targeted manufacturing and industrial sectors, including greenhouses
 - Working with the OEB and IESO to identify opportunities to drive efficiency and productivity improvements

What we've said about this topic in the past:

- In **FES 2016**, we echoed our commitment to provide electricity bill relief (8% rebate, expanded RRRP, and expanded ICI)

Political Considerations:

- **Patrick Brown** doesn't have a plan
- **Andrea Horwath** is proposing to buy back more than \$4B in Hydro One shares, scrap Time of Use pricing, and equalize delivery charges
- The **Coalition of Concerned Manufacturers** has been critical of the FHP, saying that it does not go far enough for Class B consumers
 - Participating in the expanded ICI program (and opting to be treated as a Class A consumer) is a strategic business decision
 - Class B consumers will save 2-4% off their bills (a couple hundred dollars per month) from tax basing electricity support programs

Main points to hit home in talking about this topic:

- We are lowering electricity bills 25 per cent on average for families, farms and small businesses across the province.
- We are distributing costs more fairly — and giving people savings on their bills.

Costs / Fiscal Impacts (\$ Millions)	2016-17	2017-18	2018-19	2019-20
8% Rebate for Electricity Consumers	300	1,100	1,200	1,200
Removal of Debt Retirement Charge	330	330	-	-
Northern Industrial Elec. Rate Program	120	120	120	120
Northern Ontario Energy Credit	25	25	25	25
Ontario Energy & Property Tax Credit	450	460	470	481
<i>Subtotal (Cost of Existing Programs)</i>	<i>1,225</i>	<i>2,035</i>	<i>1,815</i>	<i>1,826</i>
Rural / Remote Rate Protection	0	532	547	561
Ontario Electricity Support Program	0	186	261	325
Affordability Fund	100	0	0	0
On-Reserve First Nations Credit	0	20	20	20
<i>Subtotal (Impact of Individual Proposals)</i>	<i>100</i>	<i>738</i>	<i>828</i>	<i>906</i>
Industrial Conservation Initiative Expansion	0	0	0	0
<i>Subtotal (Impact of Bus. Proposals)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Global Adjustment Smoothing	0	2,534	2,668	2,942
<i>Anticipated Fiscal Impact</i>	<i>100</i>	<i>3,272</i>	<i>3,496</i>	<i>3,848</i>
<i>All-In Proposed Program Cost</i>	<i>1,325</i>	<i>5,307</i>	<i>5,311</i>	<i>5,674</i>