

Delivering the Largest Single Reduction to Electricity Rates in Ontario's History

Since 2003, more than \$50 billion has been invested in electricity generation and grid infrastructure across the province, to ensure Ontarians benefit from a cleaner, more modern and more reliable system. In addition, about \$13 billion is being invested to refurbish the Darlington Nuclear Generating Station, to secure affordable, reliable, emissions-free power. Ontario also became the first jurisdiction in North America to end the use of coal-fired electricity generation, choosing instead to produce cleaner and renewable power.

The much-needed rebuilding of an aging and unreliable electricity system that depended on expensive electricity imports and dirty coal resulted in rapidly rising rates for many people across Ontario. The government recognizes that rates rose too much and too quickly, and that people want substantial and long-lasting relief from high electricity bills.

That is why the Province introduced a plan in March 2017 to lower electricity bills by 25 per cent on average for residential customers as part of a significant system restructuring that will allocate costs more fairly.

Starting this summer, Ontario's proposed Fair Hydro Plan would reduce electricity bills by 25 per cent on average for eligible households. Approximately 500,000 small businesses and farms would also benefit. Eligible low-income Ontarians and those living in eligible rural, remote or on-reserve First Nation communities would receive even greater reductions to their electricity bills.

As part of this plan, rate increases over the next four years would be held to the rate of inflation for residential customers and eligible farm and small business consumers. These measures also include a rebate on electricity bills equal to the eight per cent provincial portion of the Harmonized Sales Tax, effective January 1, 2017.

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

Reducing Electricity Rates by 25 Per Cent

Ontario's Fair Hydro Plan would reduce electricity bills by 25 per cent on average for eligible households, and approximately 500,000 small businesses and farms through the following measures:

- Recognizing that much of the electricity generation infrastructure that has been built are expected to last for many decades to come, Ontario would refinance part of the cost of the Global



Ontario is reducing electricity bills by 25 per cent on average to make everyday life more affordable.

Commented [RK1]: Would this be accurate?

Commented [RK2]: The \$50 billion is in the past. Does not include (or largely does not include?) Darlington refurb.

Darlington is mostly going forward, and it is not on a 20-year contract. It is a rate-regulated entity, and its costs would be recovered over the expected life of the refurbished plant (well-beyond the 30-year period for the GA smoothing).

Commented [RK3]: Note that the Ministry of Energy has not been able to verify this statement.

Adjustment portion of electricity bills to ensure that system costs are more equitably distributed over time.

- A number of important electricity support programs will now be funded by the Province rather than by ratepayers, which would reduce electricity costs for all consumers. These new measures will cost the government up to \$2.5 billion over the next three years.

Support for the Fair Hydro Plan

"We are pleased that electricity ratepayers will see the positive benefits of [Ontario's Fair Hydro Plan] in the near future and for the commitment that rates will not increase beyond the rate of inflation for the next four years."

Alan Spacek, President of the Federation of Northern Ontario Municipalities (FONOM)
and Mayor of Kapuskasing, March 2, 2017

Providing Targeted and Expanded Relief for Rural, Remote, Low-Income and First Nation Customers

Providing Further Support for Rural and Remote Communities

The Rural or Remote Electricity Rate Protection (RRRP) program currently provides a rate subsidy to eligible rural and remote residential customers who face higher distribution costs compared to those in urban areas.

The Province intends to expand the RRRP to provide distribution delivery charge relief to a total of about 800,000 customers served by local distribution companies (LDCs) with the highest rates, including Hydro One R2 and R1 rate classes (residential low and medium density areas, respectively), Northern Ontario Wires Inc., Lakeland Power Distribution Ltd. (Parry Sound service territory), Chapleau Public Utilities Corporation, Sioux Lookout Hydro Electric Inc., InnPower Corporation, Atikokan Hydro Inc. and Algoma Power Inc.

Lowering Electricity Costs for the Most Vulnerable Consumers

The Ontario Electricity Support Program (OESP) is an income-tested, application-based program that lowers electricity costs for the most vulnerable, providing a rebate directly on bills. The Province is working with the Ontario Energy Board on the Province's proposal to increase the OESP monthly benefit amounts by 50 per cent which will significantly enhance the benefit that eligible consumers receive. The OESP would also become available to more Ontarians by introducing new eligibility categories.

To facilitate OESP-eligible Ontarians to receive their credits, the government is pursuing automatic qualification for customers who are enrolled in other provincial social assistance programs.

Promoting Energy-Efficient Improvements to Ontario Homes

The Province is establishing an Affordability Fund, which will help Ontarians who do not qualify for low-income conservation programs adopt energy efficiency improvements to help reduce their future energy bills. The Affordability Fund is being developed with input from electricity distributors and other stakeholders.

The Province is committed to supporting electricity conservation through existing programs such as the Home Assistance Program, the Heating & Cooling Incentive program, and the Save on Energy Coupon Event. Local natural gas distribution companies also offer conservation programs such as the Home Weatherization Program, Home Winterproofing Program and the Ontario Home Energy Conservation Incentive Program.

Providing a First Nations On-Reserve Delivery Credit

The Province is planning to introduce legislation that, if passed, would enable a First Nations On-Reserve Delivery Credit that would eliminate delivery charges for eligible households, saving them an average of about \$1,020 per year.

Support for the Fair Hydro Plan

"The elimination of the delivery charge will assist our citizens by reducing energy poverty in our communities. It also represents recognition for the use of the land in the development and expansion of the provincial energy grid... Today's commitment by the Ontario government is commendable and allows a path forward for greater quality of life for First Nations in Ontario."

Isadore Day, Ontario Regional Chief, March 2, 2017

Reducing Electricity Costs for Businesses

The government is continuing to lower electricity costs for businesses to help maintain a competitive business environment. Ontario is proposing to further expand the Industrial Conservation Initiative (ICI) program by reducing the eligibility threshold from one megawatt (MW) to 500 kilowatts (kW) for targeted manufacturing and industrial sectors, including greenhouses.

This proposed change is in addition to the Province's existing actions to reduce electricity costs for businesses, such as providing ongoing annual support totalling up to \$120 million to qualifying large industrial facilities in northern Ontario and ending the debt retirement charge (DRC) for commercial, industrial and all other electricity users as of April 1, 2018.

Commented [RK4]: With the new section in Ch.3, this paragraph could be deleted.

Or, the whole section – need to raise at DM/MO sign-off.

Modernizing the Province's Electricity Markets

Ontario's commitment to lowering energy costs for ratepayers includes working with provincial agencies to identify opportunities to drive efficiency and productivity improvements.

- The Ontario Energy Board (OEB) regulates and licenses more than 70 LDCs and will identify opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.
- The Independent Electricity System Operator (IESO) plans for the province's electricity needs, balances supply and demand in real time, and administers conservation programs. The IESO's Market Renewal initiative is estimated to save up to \$5.2 billion over a ten-year period, starting in 2021.

More details on these and other measures to drive costs out of the system, encourage conservation to help meet Ontario's climate change goals, and reduce the supply cost of electricity will be included in the Province's upcoming Long-Term Energy Plan (LTEP), which is expected to be released in spring 2017.