

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

Electricity is an essential part of our daily lives. For decades Ontario enjoyed one of the largest, most impressive and up-to-date electricity systems in North America. However, years of underinvestment by governments of all political stripes led to a system that was out dated and unreliable – resulting in blackouts and brownouts.

The system was due for major upgrades, and since 2003 this government has invested more than \$50 billion in electricity generation and grid infrastructure – new dams in the south, new towers in the north, \$13 billion to refurbish nuclear power plants alone and billions more to ensure new transmission and distribution lines everywhere.

Ontario also became the first jurisdiction in North America to end the use of coal-fired electricity generation, choosing instead to produce clean and renewable power. The much-needed rebuilding of an aging and unreliable electricity system that depended on expensive 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 relief from high hydro bills that will last.

As a result, the province introduced a plan in March to lower electricity bills by 25 per cent on average for all residential customers 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 with this 25 per cent break. Many small businesses and farms would also benefit from the initiative. People with low incomes and those living in eligible rural communities would receive even greater reductions to their electricity bills.

Any rate increases over the next four years would be held to the rate of inflation.

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 largest reduction to electricity rates in Ontario's history.

Reducing Electricity Rates by 25 Per Cent

Ontario's Fair Hydro Plan would reduce electricity rates by 25 per cent through two system fixes:

- Recognizing that 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
- A number of important programs, such as the Ontario Electricity Support Program (OESP), will now be funded by the government instead of by ratepayers.

These changes are fairer, because they don't ask today's generation of ratepayers to pay the freight for everyone before and after.

Commented [MN1]: Requires further fact checking.

Commented [MN2]: Spirit of this is captured below in "an aging and unreliable electricity system that depended on expensive imports and dirty coal".

Commented [MN3]: Narrative and tone inconsistent with a Budget document.

Commented [MN4]: Technically, rate payers have paid for the bulk of these investments; government has made the policy decisions to enable these funds to be collected from rate payers. In the past, we have used the alternative phrasing "More than \$50 billion have been invested in..."

Commented [MN5]: That's not accurate.

Commented [MN6]: The spirit of this is already captured in what is in the yellows, particularly, "...this relief must be long-lasting and built on real changes to the electricity system."

Commented [MN7]: Issue with "any".

Commented [MN8]: Energy advised us not to link this.

Commented [MN9]: This is already in the section.

Commented [MN10]: The spirit of this is already in the yellows.

Commented [MN11]: This is already in the yellows: "Also, by funding certain electricity support programs by the Province rather than by ratepayers, electricity costs for all Ontario electricity consumers would be reduced." This language was pulled from Energy's comms materials.

Commented [MN12]: Unclear about reference to "before"; we already talk about allocating costs more fairly in the introduction.

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 about 350,000 eligible rural and remote residential customers who face higher distribution costs compared to those in urban areas.

The Province is proposing 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.

These changes would mean that everyone in Ontario pays roughly the same delivery charge on their hydro bill.

Commented [MN13]: This is not accurate.

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 proposing to increase the OESP monthly benefit amounts by 50 per cent which will significantly enhance the benefit that eligible consumers receive.

[Placeholder for table if provided by ENERGY]

To ensure all people who are eligible to receive OESP get the benefits they qualify for, the government is exploring automatic qualification for customers who are enrolled in other provincial social programs.

Commented [MN14]: We can't ensure this. We have already made the language stronger, in consultation with Energy MO, by replacing 'exploring' with 'pursuing'.

Fostering Energy-Efficient Improvements to Ontario Homes

The government will work with LDCs to establish an Affordability Fund that will help people who cannot qualify for low-income conservation programs. The Affordability Fund will provide support to people for energy efficiency improvements to help reduce future electricity bills.

Commented [MN15]: We could adopt this phrase.

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 all on-reserve First Nations residential customers, saving them an average of about \$1,020 per year.

Commented [MN16]: Agnostic to the reordering of this; unclear why it's necessary.

Reducing Electricity Costs for Businesses

The government is continuing to lower electricity costs for businesses to 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.

This proposed change is in addition to the Province's existing actions to reduce electricity costs for businesses, such as providing ongoing support 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.

Modernizing the Province's Electricity Markets

Ontario's commitment to lowering energy costs for ratepayers would include 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. Changes related to the IESO's market renewal initiatives are estimated to save at least \$200 million per year, starting in 2021.