

Delivering Fairness and Choice

LTEP 2017

Chapter 1. Ensuring Affordable and Accessible Energy

Making Energy Affordable

More than \$50 billion has been invested in the electricity system since 2003. These investments have significantly improved the reliability of our electricity system. Last year, over 90 per cent of the power generated in Ontario came from greenhouse gas emission-free sources of energy. We now have a robust electricity supply that is expected to meet Ontario's electricity demand into the middle of the next decade. All of this leaves us well positioned to plan for and meet any of the challenges that may occur over the next 20 years.

These much-needed investments came at the cost of higher electricity prices. The Province is helping to relieve the cost pressures resulting from these system improvements with programs such as Ontario's Fair Hydro Plan, bringing electricity to off-grid communities, and expanding access to natural gas.

We continue to be focused on consumers, to make sure they benefit from the investments made that have created a clean and reliable electricity system and to help them be ready for the future. Technological innovations are creating different types of customers, and we need to have an energy system that is affordable, meets people's diverse needs and supports the continuing growth of Ontario.

The Ontario Fair Hydro Plan

On May 31, 2017, the government's Fair Hydro Plan became law, reducing electricity bills for all residential consumers and as many as half a million small businesses and farms across the province.

Ontario's Fair Hydro Plan:

- lowers electricity bills by an average of 25 per cent for all residential consumers, with increases held to the rate of inflation for four years;
- gives additional support to low-income households, based on family size and combined income, through an expansion of the Ontario Electricity Support Program (OESP) – saving consumers up to 40 to 50 per cent;

Commented [LT1]: Thoughts on style:
Remove all mention of "ministry of blah, blah" or "Minister" and replace with Ontario or province
Get rid of word "stakeholder" replace with energy sector partners
Consistency throughout: per cent instead of % - JB

Commented [LT2]: few more suggestions for Callout boxes, in Chapter 1: Isadore Day speak to First Nation On-reserve delivery credit, Francesca Dobbyn speak to positives/tangible story of importance of expanding OESP

Commented [jb3]: I don't think this is relevant as a program introduced/designed to relieve cost pressures resulting from system improvements

Commented [LT4]: I like the sentiment of the original statement. It is a shift in thinking and approach. But language needs to be closer to JB and CR edits.

Commented [CR5]: Be consistent with period or comma.

- delivers new distribution rate protection for customers served by local distribution companies with the highest rates saving eligible Northern and rural customers as much as 40 to 50 per cent savings on their electricity bills. This is being achieved through the expansion of the Rural or Remote Rate Protection (RRRP) program.
- provides on-reserve First Nation customers of licensed distributors with a 100 per cent credit of the delivery line or service charge line on their monthly electricity bills, saving these customers an average monthly benefit of \$85.;
- shifts the funding of the RRRP and OESP from electricity bills to provincial revenues. This will reduce the regulatory charges paid by all Ontario ratepayers.
- adds smaller manufacturers and greenhouses with peak demands between 500 kW and 1 MW to the Industrial Conservation Initiative (ICI). This gives participating companies a strong incentive to reduce their bills by about a third by lowering their consumption during peak hours.
- includes the 8 per cent rebate introduced in January 2017, a reduction equal to the provincial portion of the Harmonized Sales Tax (HST).
- establishes an Affordability Fund to help people who don't qualify for low-income assistance with making energy efficiency improvements to their residences.

Refinancing the Global Adjustment to Ensure Intergenerational Fairness

Ontario's Fair Hydro Plan helps consumers by refinancing a portion of Global Adjustment (GA). The GA pays the costs of contracted generation in Ontario, as well as the cost of conservation and demand management programs.

The majority of the province's electricity generators have 20-year contracts, but many wind, solar and natural gas facilities are expected to provide additional benefit by operating past the life of their contracts. To relieve the burden on today's ratepayers and share costs more fairly with future generations, a portion of the GA is being refinanced to spread the cost of electricity investments over a longer period of time. This refinancing reflects the expected longer lifecycle of the facilities that have been built. The change will provide significant and immediate rate relief and will ensure intergenerational fairness. Present-day consumers should not carry the entire burden of investments that will provide benefits for decades to come.

A portion of the costs covered by the GA will be refinanced in the early years to reduce pressure on today's electricity ratepayers, with the cost of that refinancing to be recovered in later years from ratepayers.

OESP

The monthly credits of the OESP have been increased by 50 per cent, to cover more low-income Ontarians.

Add in example of expanded eligibility (e.g. 2-person household with income up to \$39,000 is now eligible). Consider including full table?

The Ontario Energy Board (OEB), which administers this program, has planned an extensive communications campaign to ensure that more people are aware of the program. An insert with details of the program was included in the Canada Child Benefit mailing in July 2017.

Commented [CR6]: Can't recall – is the go-forward plan for OEB to still administer?

Commented [jb7]: Good opportunity for an anecdote from Francesca Dobbyn

Distribution Rate Protection

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

Ontario has expanded the RRRP to provide distribution charge relief to additional customers served by LDCs with the highest rates. About 800,000 customers – an increase of 450,000 customers – would benefit from the enhanced RRRP program.

LDCs benefitting from the expanded RRRP include: Hydro One R2 and R1 customers, Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from utility to utility.

For example:

- a. A Hydro One low-density (R2) customer in [example community] consuming 2,500kWh a month would have their distribution cost reduced by about \$75.
- b. A Hydro One medium-density (R1) customer in [example community] consuming 1,000kWh a month would have their distribution cost reduced by about \$18.
- c. An InnPower customer in South Barrie consuming 1,000kWh a month would have their distribution cost reduced by about \$12.

On-reserve Credit

The First Nations Delivery Credit will benefit approximately 21,500 customers living on reserves. The costs will be funded by provincial revenues.

The credit will provide much needed relief from the high costs of electricity in First Nations communities and encourage socio-economic well-being. This is an important step towards reconciliation and the strengthening of Ontario's relationship with First Nations.

Commented [jb8]: Good opportunity for anecdote from Chief Isadore Day

Help from Existing Programs

The measures included in Ontario's Fair Hydro Plan are in addition to existing programs that also help Ontario families and individuals pay their electricity bills. These programs include:

- the Northern Ontario Energy Credit for low- to middle-income families and individuals living in northern Ontario;
- the Ontario Energy and Property Tax Credit for low- to moderate-income individuals;
- Low-income Energy Assistance Programs for emergency situations; and
- the saveONenergy Home Assistance Program that provides home energy efficiency assessments to lower-income consumers.

For businesses, industries and large institutions, there are a number of measures already in place to help them with their bills:

- *Bullet on ICI here (savings of up to one-third)*
- the Northern Industrial Electricity Rate Program helps northern industries with the higher energy costs they face due to climate and their distance to markets;
- the Industrial Accelerator Program assists eligible companies connected to transmission networks to fast track the capital investment needed for major energy conservation projects; and
- the saveONenergy for Business program provides financial incentives for distribution-connected businesses for audits, retrofits and process and system improvements to help them reduce their electricity use.

Affordability Fund

The Affordability Fund will help Ontarians who are not eligible for low-income conservation programs and need financial assistance to make energy efficiency improvements to their homes and residences. Measures that could be funded include energy-saving LED light bulbs, power bars, insulation and energy efficient window air-conditioners and refrigerators.

The Fund will be administered by an independent trust overseen by the government and Hydro One. It is expected that electricity distributors, who are in the best position to provide consumers in need of assistance with energy efficiency improvements, will be able to begin applying to the Affordability Fund in the summer of 2017 [NTD: will have to update as summer progresses].

Natural Gas Expansion

Ontario wants to expand access to natural gas to help the economic development of local communities. In order to do this, the government launched a new \$100 million Natural Gas

Grant Program in April 2017. Both the expansion of natural gas pipelines and the construction of new infrastructure for liquefied or compressed natural gas are eligible. The program is administered by the Ministry of Infrastructure.

A new regulatory framework issued by the OEB in November 2016 gives utilities more flexibility in rate structures, making natural gas expansion more economically feasible for unserved communities. The framework also encourages rate competition between multiple companies who are interested in providing service to these communities.

Natural gas utilities and municipalities are expected to file additional applications for natural gas expansions with the OEB. *Add sentence about natural gas as one of several options to provide greater consumer choice and/or help reduce energy costs.*

Commented [LT9]: Delete

Gasoline Price Review

Northern communities have raised concerns about the high cost of the gasoline they use. As a result, the province directed the OEB in November 2016 to review Ontario's retail market for gasoline and diesel fuel.

The Gasoline Price Review will focus on three main topics:

- The extent and causes over time of regional variations in the retail price of gasoline and diesel fuel;
- How pricing and markets in Ontario compare with other jurisdictions; and
- The information available to consumers about pricing and price variations.

The OEB expects to report back to the Ministry with its findings later this year. The government intends to review the OEB's report in detail and consider the information in future decision-making.

Increased Consumer Protection

With the *Electricity Consumers Protection Act*, Ontario has already restricted the door-to-door sale of energy contracts to protect consumers from fraudulent claims and high-pressure sales tactics. We will now turn our attention to protecting those consumers who live in condominiums and other multi-unit residential buildings.

Often, these consumers are not actually customers of a local distribution company but buy their electricity from private companies who meter their units and send them a bill for their usage. Consumers have no say on pricing arrangements; they are set by the owner or developer of the building.

Consumers have little awareness of the costs of these meter service providers or the value of what they pay for. That is why the government will ask the Ontario Energy Board to regulate

the rates of these meter service providers and conduct appropriate oversight of their business practices. This will ensure consumers pay just and reasonable rates for the service they receive.

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