Fair Hydro Plan – Additional Q's
Ministry of Energy – Questions and Answers
Date: March 2, ESP

Q1. How much will this cost taxpayers?

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

The measures to help vulnerable electricity consumers would cost the government up to $2.5 billion over the next three years. The refinancing proposal would be debt financed and is not expected to pose a direct cost to government.

The province continues to project a balanced budget for 2017-18. The province will provide a full update on its fiscal plan in the spring Budget.

Q2. How are you managing interest rates over time?

Ontario Power Generation (OPG) would provide the financing for the proposal. OPG has a great deal of experience managing the risks associated with borrowing through their experience developing capital-intensive generation projects as well as their management of Nuclear Funds.

Q3. Are other increases coming after the reduction?

The rate of increase for a typical residential consumer will be kept in line with inflation for 4 years.

Q4. How will I see this on my bill?

The savings in the plan will be delivered through several existing line items on the bill, including electricity, delivery and regulatory.

Q5. Are we going to see cuts to other programs to pay for this?

The government remains committed to balancing the budget by 2017-18 while continuing to invest in the economy, our people and a healthy, clean and prosperous low-carbon future.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

Q6. Will schools and hospitals have their bills go down?

Schools and hospitals will benefit through shifting the funding of support programs to provincial revenues.

Q7. How much will rates go up after the four years?

Under the plan, rates will begin to increase at a rate higher than inflation after four years but are expected to remain below current forecasts until the mid-2020's.

Q8. It appears that this plan will raise prices again in just a few years, aren't we just delaying the inevitable?

Under the plan, rates will begin to increase at a rate higher than inflation after four years but are expected to remain below current forecasts until the mid-2020's.

As part of the Fair Hydro Plan, the government will aggressively pursue cost reductions through sector efficiencies to bring costs down over the long term.

Q9. How long are you talking about refinancing for?

Our proposal would spread costs over a 30-year period.

Q10. Won't cheaper electricity undercut your conservation initiatives?
We continue to encourage a culture of conservation in Ontario and will proceed with our aggressive conservation targets.

Q11. Are you doing a complicated global adjustment scheme instead of just cutting rates?

Ontario is proposing to refinance some of the costs associated with contracted electricity generation facilities. To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time

Q12.Is there a legit reason to do this other than keeping it off the provincial books?

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