

Ministry of Energy

Office of the
Parliamentary Assistant

Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel: (416) 325-4140
Fax: (416) 325-0818

Ministère de l'Énergie

Bureau de
l'adjointe parlementaire

Édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél: (416) 325-4140
Télé: (416) 325-0818



MC-2017-1543

His Worship Alan Spacek
President
Federation of Northern Ontario Municipalities (FONOM)
88 Riverside Drive
Kapuskasing ON P5N 1B3

Her Worship Wendy Landry
President
Northwestern Ontario Municipal Association (NOMA)
PO Box 10308
Thunder Bay ON P7B 6T8

Dear Mayor Spacek and Mayor Landry:

It was a pleasure meeting with you both at this year's Association of Municipalities of Ontario (AMO) Annual Conference in Ottawa. I have given Minister Thibeault a full report of our meeting, which he was pleased to receive.

Every year, the AMO conference provides an important opportunity to meet with municipal leaders and learn about the issues in their communities. I valued the opportunity to learn first-hand about energy-related concerns impacting your members, including the cost of electricity. Thank you for an open and productive discussion.

Ontario's Fair Hydro Plan

Our government has heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we have taken action to provide significant and immediate rate relief. As you are aware, electricity customers in Ontario are now seeing reduced bills as part of Ontario's Fair Hydro Plan, which lowers electricity bills by 25 per cent on average for residential consumers and will hold increases to the rate of inflation for four years. Ontario's Fair Hydro Plan also includes cost reductions for businesses.

The plan reflects a number of initiatives, including the refinancing of a portion of the Global Adjustment, the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues and the eight per cent rebate introduced in January.

.../cont'd

GA refinancing is providing significant and immediate rate relief by spreading the costs of our clean energy investments over a longer time period. Electricity consumers that are eligible for the eight per cent rebate are also eligible for GA refinancing, including all residential consumers, farms, most small businesses, long-term care homes, and condominiums. Municipal buildings also stand to benefit if they are small enough to qualify for the Ontario Energy Board's Regulated Price Plan (i.e., if they have an annual consumption of no more than 250,000 kWh or peak demand of no more than 50 kW).

Further, consumers of all sizes are benefitting from the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues. This action is expected to lower regulatory charges for everyone by approximately \$3/MWh.

Ontario's Fair Hydro Plan includes additional measures to benefit Ontarians with low incomes or those living in rural or remote communities, including enhanced Distribution Rate Protection for customers served by Local Distribution Companies (LDCs) with the highest rates. These LDCs include Hydro One for R1 (medium-density) customers, Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma.

To learn more about Ontario's Fair Hydro Plan, please visit www.ontario.ca/fairhydroplan.

Electricity Transmission

I was interested in the NOMA report card you presented and recognize that we have made progress in some areas and that you are looking for further progress in others. I was pleased to see the five-star rating for our work to support the connection of remote First Nation communities. The importance of this project cannot be understated because the current reality of diesel generation in remote communities constraints their ability to grow and meet the needs of the community while also being a costly and polluting electricity supply option. The connection project will result in significant investment in the region, strengthening the electricity system and spurring economic development. This builds on our other transmission priorities in the Northwest such as the East West Tie line and the Northwest Bulk, both currently under development.

With respect to transmission in Greenstone, Ontario acknowledges the concerns that have been raised about long duration outages in the municipality. This is why the Ministry of Energy led a working group with the municipality, local First Nations and stakeholders to explore options for electricity supply. We are committed to continue working with these stakeholders to identify a path forward for transmission that protects ratepayers and meets the needs of the community.

Municipal Energy Plan Program

The Ministry of Energy supports municipalities' efforts to better understand their local energy needs, identify energy conservation and green energy opportunities, support economic development strategies, and develop plans to meet their goals through the Municipal Energy Plan (MEP) program. The program is available to all municipalities across Ontario.

.../cont'd

The MEP program has two streams of funding. Stream 1 provides successful applicants with 50 per cent of eligible costs, up to a maximum of \$90,000 to develop a municipal energy plan. Stream 2 provides successful applicants with 50 per cent of eligible costs, up to a maximum of \$25,000 to update or enhance an existing energy plan.

I would also like to highlight Ontario's recently announced \$100 million Municipal Greenhouse Gas (GHG) Challenge Fund. All Ontario municipalities with community-wide GHG emissions reduction plans, or equivalent, and community-wide GHG inventories and targets are invited to apply. If a municipality has a population of less than 10,000 and does not meet the requirements, it may be eligible for the Very Small Municipalities Stream. This new competitive, application-based program will fund up to 100 per cent of eligible costs for GHG emissions reduction projects proposed by municipalities. MEP program participation is a path to eligibility for the province's Municipal GHG Challenge Fund.

More information on the MEP program can be found at www.ontario.ca/page/municipal-energy-plan-program, or by contacting Michael Brophy, Manager of the Conservation Programs and Partnerships Branch at Michael.Brophy@ontario.ca.

Long-Term Energy Plan

The Ministry of Energy is preparing to release the 2017 Long-Term Energy Plan (LTEP) later this year. The 2017 LTEP will balance the objectives of cost-effectiveness, reliability, clean energy, community and Indigenous participation and engagement, and an emphasis on conservation and demand management. Ontario is committed to keeping electricity rates affordable while maintaining a clean, modern and reliable electricity system that reduces greenhouse gas emissions and provides cleaner air for this and future generations of Ontarians.

Once again, thank you for meeting with me at AMO 2017. Minister Thibeault and I look forward to continuing to work with you to build a clean, reliable and fair energy system for Ontarians. Please accept my best wishes.

Sincerely,

Bob Delaney
Parliamentary Assistant

c: Hon. Glenn Thibeault, Minister of Energy