Ministry of Energy

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Ontario

MC-2017-1115

Ms Lindsay Fry
Lindsay@northridgeinn.com

Dear Ms Fry:

Mr. Norm Miller, MPP for Parry Sound–Muskoka, has forwarded your message regarding electricity prices. We recognize the importance of electricity prices for business, and maintaining competitiveness with respect to energy costs is a top government priority. I appreciate your sharing your concerns and I am pleased to respond.

Ontario's Fair Hydro Plan

The government has been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills. We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we are moving forward with a plan that would ensure the costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan includes measures to lower electricity bills by 25 per cent, on average, for residential consumers and hold increases to the rate of inflation for four years. As many as half a million small businesses and farms will also benefit from the reduction. The plan reflects the refinancing of a portion of the Global Adjustment (GA), the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues, and the eight per cent rebate introduced in January.

Electricity consumers eligible for the eight per cent rebate are also eligible for the GA refinancing. This includes facilities that are eligible for the Ontario Energy Board (OEB)'s Regulated Price Plan, i.e., who have an electricity demand of no more than 50 kilowatts (kW) or an annual consumption of no more than 250,000 kilowatt-hours.

Ontario's Fair Hydro Plan includes measures to benefit consumers who are not eligible for GA refinancing. The shifting of cost recovery for electricity support programs from ratepayers to the tax base will benefit consumers of all sizes, and is expected to lower regulatory charges for everyone by approximately $3 per megawatt-hour.

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Our government has been working hard to reduce electricity ratepayer costs and will continue to look for opportunities to take additional costs out of the system wherever possible. For example, the Independent Electricity System Operator has also embarked on an ambitious Market Renewal project to fundamentally redesign Ontario's electricity markets and ensure future energy needs are met in a reliable, flexible and cost-effective manner. Market Renewal will result in a more efficient marketplace with competitive and transparent mechanisms that meet system needs at the lowest cost. The project is expected to save up to $5.2 billion over a 10-year period beginning in 2021, and forms a key component of Ontario's plan to bring down the cost of electricity in the province.

Further, the OEB is piloting projects to give customers, including medium-sized consumers, greater flexibility in how they consume and pay for electricity. These measures will help ensure that electricity bills stay low in Ontario.

Existing Rate Mitigation Programs

Ontario also has a number of rate mitigation measures already in place for medium-sized consumers. As you may be aware, in partnership with local electric and natural gas utilities and key energy agencies, Ontario's Five-Point Business Energy Savings Plan is being implemented to help small businesses conserve energy, manage costs and save money. The Save on Energy for Business electricity conservation program, offered by local distribution companies, which offers businesses financial incentives for audits, retrofits and process and systems improvements to help better manage electricity use.

Further, to help ease pressure on commercial ratepayers, the government introduced legislation that provides a legislated date of April 1, 2018, to remove the Debt Retirement Charge for all non-residential consumers – nine months earlier than previously estimated.

Our government is committed to creating jobs and growing the economy. In addition to continuing to seek reduced electricity costs for Ontario ratepayers wherever possible, I will continue to work with my Cabinet colleagues to explore ways to support business investments across the province, including through maintaining competitive business tax rates, developing our highly-skilled workforce, and creating the conditions for long-term economic growth.

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I hope this information is helpful. Thank you for taking the time to share your views with your MPP and please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister

c: Norm Miller, MPP