

RESIDENTIAL ELECTRICITY SAVINGS AS MENTIONED IN THE THRONE SPEECH

Purpose

Premier, on September 16, you will be appearing at an announcement and media availability event in Ottawa. This is an opportunity to focus on residential electricity savings as mentioned in the Throne speech.

The event will highlight the recently proposed rate mitigation measures for residential consumers, with the desired objective of raising awareness of the increased assistance to electricity ratepayers that these measures would provide if passed.

Relevant Policy Issues

- About five million residential consumers, farms and small businesses across Ontario would benefit from the legislation and additional measures, as they would provide a permanent on-bill rebate for 8 per cent, equal to the provincial portion of the HST.
- A typical urban residential customer that consumes 750 kWh per month will see an annual benefit of approximately \$130 or a monthly benefit of approximately \$11, before tax.
- Rural consumers would receive an additional benefit from decreasing rural delivery charges.
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- A typical rural customer, eligible for the increased RRRP support, that consumes 1,000 kWh per month will see an annual benefit of approximately \$540 or a monthly benefit of approximately \$45, before tax, from the proposed rate mitigation measures.

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Background

Provincial Tax Rebate

- Ontario is introducing legislation which would rebate an amount equivalent to the provincial portion of taxes from the electricity bills for residential consumers, small businesses and farms eligible for the Regulated Rate Plan (RPP) starting January 1, 2017. This rebate is intended to offset the provincial share of the Harmonized Sales Tax (HST).
- The RPP is a blended electricity rate set by the Ontario Energy Board (OEB) for the province's five million residential consumers, small businesses and farms.

- The list below gives details of which electricity consumers would be eligible to receive the benefit:
 - Homeowners
 - Residential retail consumers
 - Multi-unit residential buildings and other facilities used as residential rental units such as long-term care homes and school residences
 - Residential Regulated Price Plan eligible farms
 - Many small businesses, for example, most coffee and snack retailers, convenience stores, apparel stores, hair salons and small offices.

Updating the Rural or Remote Electricity Rate Protection Program (RRRP)

- While many Ontario electricity consumers are unaware, for the last 15 years the Rural or Remote Electricity Rate Protection (RRRP) program has reduced electricity delivery costs for eligible customers located in rural and remote areas. The cost of providing electricity service for customers in these low density regions is higher than to customers in more urban or higher-density communities.
- For most recipients, RRRP funding has been frozen at its current level since the early 2000s. As a result, the impact of its assistance has reduced over time as electricity costs have increased to rebuild Ontario's electricity system and close coal-fired power plants.
- Today, RRRP is an approximately \$175-million program. Each year, the Ontario Energy Board (OEB) approves an RRRP charge amount to be collected from all electricity distributors by the Independent Electricity System Operator (IESO). Electricity distributors in turn pass the small Board-approved retail RRRP charge on to their customers to recover the RRRP amount paid to IESO.
- Through regulation the government intends to introduce further funding for the program which would result in a reduced bill of approximately \$45 per month for affected customers when combined with the proposed 8% rebate.
- The RRRP is paid to electricity distributors serving rural or remote customers to allow them to reduce the amount they would otherwise have to charge their customers to deliver electricity to them. For an average residential customer, the cost of supporting RRRP is roughly \$1 per month. As a result of the proposed expansion, it is estimated that this cost will rise for the average residential customer by roughly \$0.60 per month.

R2 Customers

- The RRRP is provided to a number of rural residential customers and some of those residential customers are classified as R2 customers. These are customers with low density and are not in urban or medium density areas in the Province. R2 customers face some of the highest electricity costs in the province. There are approximately 330,000 R2 customers in Ontario.

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