

ROMA Conference
January 29-31, 2016
POLICY NOTE
Electricity Prices (Residential)
Ministry of Energy
January 2017

Issue:

Residential and rural customers and First Nation and Métis communities frequently urge the government to provide relief on electricity prices.

Response:

- Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians.
- The Ontario government is taking action to help Ontarians with the cost of everyday living, through a series of measures to reduce electricity bills. The government will be investing \$1B to help mitigate electricity bills.
 - As of January 1, 2017, residential customers will be eligible to receive an 8% rebate on their pre-tax bill, equivalent to the provincial portion of HST. As a result, the average household will save approximately \$130 per year.
 - The amount of rate protection available to approximately 330,000 eligible rural customers living in low-density areas will also be increased from January 1st. When combined with the 8% rebate, on average these customers will see savings of approximately \$540 per year.
- The government removed the Debt Retirement Charge (DRC) from residential electricity bills as of January 1, 2016, saving a typical residential electricity ratepayer about \$65 per year.
- The Ontario Electricity Support Program (OESP) also took effect January 1, 2016. The OESP provides an ongoing rate reduction of between \$30 and \$50, directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements. Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nations or Métis customers, are eligible for an enhanced amount, which ranges from \$45 to \$75 per monthly bill.
- Ontario has other programs in place that help consumers manage rising electricity prices, including:
 - The Northern Ontario Energy Credit,
 - The Ontario Energy and Property Tax Credit,
 - The Low-Income Energy Assistance Program, and
 - The saveONenergy suite of residential electricity conservation programs offered by Local Distribution Companies including the Home Assistance Program for their low-income customers.

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Background:

Residential

Rate Mitigation

- On September 12, 2016, in the Speech from the Throne, the government announced measures that would provide consumers with rate relief on their electricity bills, including:
 - Providing roughly 5 million eligible customers with an 8% rebate
 - Expanding rate protection for eligible rural or remote customers
 - Expanding eligibility under the Industrial Conservation Initiative (ICI)

8% Provincial rebate

- On September 15, the Minister of Energy introduced legislation, Bill 13, the *Ontario Rebate for Electricity Consumers Act, 2016* (ORECA) that would put in place an 8% rebate for residential, small business consumers and farms. Bill 13 passed third reading on October 19, 2016 and received Royal Assent on November 2, 2016. It is scheduled to come into force on January 1, 2017. These initiatives will result in a billion dollars in rate mitigation measures for consumers.
 - Eligible accounts, under the ORECA, include residential customers, customers with a demand lower than 50 kilowatts or an annual usage less than 250,000 kilowatt hours of electricity and farm.
 - Electricity vendors, such as local distribution companies (LDCs) and energy retailers have until July 1, 2017 to deliver the provincial rebate to their customers, including any amounts owing starting from January 1, 2017 - the start of the rebate eligibility period.

Increase funding for Rural or Remote Rate Protection (RRRP)

- RRRP is a ratepayer-funded subsidy program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations.
- The regulatory amendments, which come into effect on January 1, 2017, will provide an additional \$116.4 million support for approximately 330,000 eligible rural customers.
- Combined with the 8% rebate, average customers will see a savings of approximately \$45 per month.

DRC

- The government removed the Debt Retirement Charge (DRC) from residential electricity bills as of January 1, 2016, saving a typical residential electricity ratepayer about \$65 per year.
- The government plans to remove DRC for all electricity bills by 2018

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- The Ontario Electricity Support Program provides a fixed monthly credit directly on qualified consumers' bills. The credit amount eligible consumers receive is based on household income and household size. This allows the program to provide a greater benefit to low-income consumers who are more in need of assistance.
- The OEB set the rate of the OESP charge that is applied to all customer electricity bills, effective January 1, 2016 at \$0.0011/kWh. For a typical residential customer who consumes 750 kWh/ month, the OESP costs less than \$1 per month.
- Applicants can visit OntarioElectricitySupport.ca to apply for the program, or call the contact centre at 1-855-831-8151 for questions.
- Northern Ontario Energy Credit provides targeted assistance to low- to moderate-income individuals and families living in northern Ontario who can be exposed to higher energy costs due to more severe winters and heavier reliance on more expensive home heating fuels. For the 2016 benefit year, qualifying individuals received up to \$146 annually and families (including single parents), received up to \$224 annually.
- Ontario Energy and Property Tax Credit provides low- to moderate-income individuals and families with relief on the sales tax they pay on energy and with their property taxes. For the 2016 benefit year, qualifying individuals and families could receive a maximum benefit of \$1,008 per year, and qualifying seniors could receive a maximum benefit of up to \$1,148.
- The Low-Income Energy Assistance Program strategy consists of three components:
 1. Emergency financial assistance in the form of grants, applied directly to qualified consumers' electricity and/or natural gas bills since 2011. Grants up to \$500 for electricity bills (\$600 if the customer has electric heating), and up to \$500 for gas.
 2. Special, more flexible customer service rules implemented by electricity and gas utilities to help qualified low-income consumers through difficult situations.
 3. Energy conservation programs to help qualified Ontario homeowners, tenants and social housing providers improve energy efficiency.
- In order to access this financial assistance, special rules and conservation programs offered through the Low-Income Energy Assistance Program (LEAP) strategy, consumers must go through a social service or government agency. The agency will determine whether or not applicants qualify as low-income.
- The **saveONenergy FOR HOME suite of electricity conservation programs** offered by Local Distribution Companies, with the support of the IESO, help residential ratepayers save energy in their homes to better manage their electricity consumption and reduce their annual electricity costs. For example:
 - The **saveONenergy Home Assistance Program** provides eligible low-income homeowners, tenants and non-profit housing providers free in-home

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energy assessment, professional installation of energy-saving measures and advice on steps that can be taken to save even more energy.

- The **saveONenergy Heating and Cooling Initiative** provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home, such as a high efficiency furnace with an electronically commutated motor (ECM), or an ENERGY STAR certified central air conditioner.
- **saveONenergy Coupons** are available in-store for a one month in the spring and fall and can be downloaded year-round to use at participating retailers to help Ontarians save on a wide range of energy-efficient products including LED bulbs, power bars with integrated timers or auto-shutoff and more.
- New pilot programs for the residential sector are also being rolled-out to support innovative and updates to electricity conservation programs and offers.
 - For example, in October 2015, Hydro One launched Heat Pump Advantage pilot program to help customers with electric space or water heating to take advantage of new heat pump technologies. Hydro One paid 50% of costs for an industry-leading air source heat pump and up to \$800 towards costs of a heat pump water heater.

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