

ROMA Conference
January 21-23, 2018
POLICY NOTE
Electricity Prices (Residential)
(Ministry of Energy)
December 8, 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.
- Effective July 1, 2017, Ontario's Fair Hydro Plan has lowered electricity bills by 25 per cent on average for residential customers and will hold increases to the rate of inflation for four years.
 - The reduction reflects a number of initiatives, including refinancing a portion of Global Adjustment (GA), shifting cost recovery for support programs from electricity bills to provincial revenues, and the 8 per cent rebate introduced in January.
- Ontario's Fair Hydro Plan also expanded support for vulnerable electricity consumers by expanding the Rural or Remote Rate Protection (RRRP) and the Ontario Electricity Support Program (OESP), providing a First Nations On-Reserve Delivery Credit, and establishing an Affordability Fund.
 - Lower-income Ontarians and those living in eligible rural communities are receiving reductions of as much as 40 to 50 per cent.
- On March 2, 2017, the government announced the establishment of an Affordability Fund as part of its Fair Hydro Plan. The Affordability Fund is intended for electricity customers who do not qualify for the Save on Energy Home Assistance Program, and who are unable to undertake energy efficiency improvements without support.
- Ontario has other programs in place that help consumers reduce their energy usage and manage energy bills, including:
 - Northern Ontario Energy Credit;
 - Ontario Energy and Property Tax Credit;
 - Low-Income Energy Assistance Program (LEAP); and

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- saveONenergy Suite of Residential Electricity Conservation programs offered by Local Distribution Companies and Independent Electricity System Operator (IESO), including the Home Assistance Program for their low-income customers.
- Program offerings through the new Green Ontario Fund will also help Ontario households increase their use of low-carbon technologies while also reducing costs.

Background:

Ontario's Fair Hydro Plan

- Ontario's Fair Hydro Plan has introduced measures to lower electricity bills by 25 per cent on average for residential customers. The measures include:
 - Refinancing of a portion of the costs of the Global Adjustment (GA);
 - Providing an 8 per cent rebate, equivalent to the provincial portion of the HST, that has been in place since January 1, 2017;
 - Removing the majority of the Rural and Remote Rate Protection (RRRP) program from electricity bills, which will now be paid for from provincial revenues; and
 - Removing the cost of the Ontario Electricity Support Program (OESP) from electricity bills. The OESP will continue to be available to help eligible low-income customers reduce their electricity bills, and will also be paid for from provincial revenues.
- With new Regulated Price Plan (RPP) prices that came into effect on July 1, the total bill for the proxy customer described under the *Fair Hydro Act, 2017* is about \$121. That is about \$41 or 25 per cent lower than it would have been without the measures introduced by the Fair Hydro Plan.
- **First Nations Delivery Credit:** Ontario's Fair Hydro Plan also introduced a First Nations Delivery Credit to rebate 100% of Delivery costs to on-reserve First Nations residential customers. The Ontario Energy Board estimates this will save the average First Nations customer \$85/month. Over 20,000 customers are currently receiving this program. This program was developed in conjunction with the Chiefs of Ontario.
- **Ontario Electricity Support Program (OESP)** is a rate relief program that provides fixed, monthly credits directly on the bills of low-income ratepayers who have applied and meet the eligibility requirements. With Ontario's Fair Hydro Plan, the OESP program benefits have increased across the board by 50 per cent on May 1, 2017.

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- For example, single low-income consumers eligible for the lowest credit amount now receive \$45 per month, an increase from the previous \$30, or an increase of \$180 per year. For the enhanced credit, the lowest credit amount has increased from \$45 to \$68, or an annual increase of \$276.
- In addition, the eligibility categories have been expanded so more Ontarians can access the OESP and get much needed support on their electricity bills.
 - Applicants can visit OntarioElectricitySupport.ca to apply for the program, or call the contact centre at 1-855-831-8151 for questions.

Additional Residential Rate Mitigation Program

- **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 2017 benefit year, qualifying individuals received up to \$148 annually and families (including single parents), received up to \$227 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 2017 benefit year, qualifying individuals, families, and seniors could receive a maximum benefit of \$227 to help with the sales tax on energy.
- **Low-Income Energy Assistance Program (LEAP)** 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.
- Customers seeking support from LEAP must apply through lead or intake agencies throughout the province. Please visit the Ontario Energy Board webpage for LEAP to find a listing and location of agencies nearest you.

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- The Affordability Fund is funded through the tax base and is governed by an independent trust consisting of representatives from the social service and utility sectors.
 - The Fund is an extra tool for electricity distributors to assist their customers who are in need and who do not qualify for low income conservation programs like the Home Assistance Program.
 - The Affordability Fund will benefit eligible customers through upgrades in their homes, such as new energy efficient appliances and insulation, to reduce their electricity bills over the long-term.
- The Save on Energy FOR HOME Suite of Electricity Conservation programs offered by Local Distribution Companies (LDCs), the Independent Electricity System Operator (and the IESO), help residential ratepayers reduce their electricity usage and manage their electricity costs. For example:
 - The Save on Energy Home Assistance Program provides eligible low-income homeowners, tenants and non-profit housing providers free in-home energy assessment, professional installation of energy-saving measures and advice on steps that can be taken to save even more energy. The program is being enhanced in 2018.
 - The Save on Energy 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, as well as air source heat pumps for electrically-heated homes.
 - **saveONenergy** Save on Energy Instant Discounts are available seasonally in the Fall and Spring at participating retailers. Instant discounts help Ontarians save on a wide range of energy-efficient products including LED bulbs, power bars with integrated timers or auto-shutoff and more.
- Pilot programs for the residential sector are also being rolled-out to support innovation and updates to electricity conservation programs and offers.
 - For example, through a partnership between the IESO, Enbridge Gas Distribution, Union Gas, and the Government of Ontario, every homeowner in Ontario can now benefit from a wide range of energy-saving incentives to help offset the costs of energy audits and efficiency upgrades in their whole home. Ontarians can receive thousands of dollars in incentives towards windows, insulation, high efficiency heating and cooling systems, and new energy efficiency appliances.
- Ontario's Climate Change Action Plan announced the province's intention to establish a "green bank" that that would work to significantly reduce greenhouse gas

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from energy intensive heat and cooling sources in buildings, and in goods production processes.

- On August 30, 2017, the Province announced the launch of the Green Ontario Fund, including its website (GreenON.ca) and first new program: GreenON Installations program. GreenON programs are funded through cap and trade proceeds.
 - GreenON.ca provides a one-stop shop for programs and rebates that households and businesses reduce energy costs and greenhouse gas emissions.
 - Details on new GreenON Installations and GreenON Support programs:
 - GreenON Installations: Eligible homeowners and renters with their landlord's permission can sign up for a visit from a trained technician to install, free of charge, a complimentary smart thermostat and show them how to use it.
 - GreenON Support: Based on information collected from the home, the home's energy systems are then analyzed by a team of energy specialists who will offer a personalized follow-up on other available incentive programs to help reduce energy costs.
 - The Green Ontario Fund will continue to launch new programs for homes and businesses to implement the initiatives outlined in the 2016-2020 Climate Change Action Plan.

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2017 Residential Electricity Prices (Canadian ¢/kWh)							
Jurisdiction	Cost	Jurisdiction	Cost	Jurisdiction	Cost	Jurisdiction	Cost
1 Quebec	7.45	18 Kentucky	14.42	35 Saskatchewan	16.67	52 Pennsylvania	19.38
2 Manitoba	8.97	19 Missouri	14.61	36 Arizona	16.74	53 Wisconsin	19.97
3 British Columbia	10.27	20 Montana	14.65	37 Ohio	16.78	54 Michigan	20.64
4 Alberta	11.11	21 Texas	15.10	38 Indiana	16.84	55 New Jersey	21.11
5 Newfoundland	11.68	22 North Carolina	15.32	39 New Mexico	16.92	56 Maine	21.51
6 Louisiana	12.53	23 Wyoming	15.38	40 Alabama	17.03	57 New York	23.20
7 Washington	12.64	24 Georgia	15.40	41 Prince Edwards Island	17.24	58 Vermont	23.75
8 Canadian Average	12.77	25 Virginia	15.41	42 Minnesota	17.46	59 New Hampshire	25.47
9 Idaho	13.08	26 Florida	15.52	43 District of Columbia	17.55	60 Rhode Island	26.32
10 New Brunswick	13.69	27 Mississippi	15.60	44 South Carolina	17.59	61 New England	26.36
11 North Dakota	13.92	28 South Dakota	15.62	45 Illinois	17.69	62 Connecticut	26.96
12 Arkansas	13.94	29 Oklahoma	15.85	46 Kansas	18.20	63 Massachusetts	27.74
13 Ontario 2017	14.13	30 West Virginia	15.91	47 Delaware	18.25	64 Alaska	28.70
14 Tennessee	14.31	31 Colorado	16.01	48 U.S. Average	18.30	65 Hawaii	40.64
15 Oregon	14.32	32 Iowa	16.33	49 California	18.88		
16 Nebraska	14.32	33 Nevada	16.51	50 Ontario 2016	18.99		
17 Utah	14.39	34 Nova Scotia	16.51	51 Maryland	19.20		

The Ontario 2017 and Ontario 2016 residential prices are based on a Toronto Hydro time-of-use Regulated Price Plan (RPP) customer with a monthly consumption of 750 kWh, with 65% of consumption occurring off-peak, 17% occurring mid-peak, and 18% occurring on-peak.

The Ontario 2016 residential price is included for the purposes comparison with the Ontario 2017 price, which reflects the implementation of Ontario's Fair Hydro Plan.

All other Canadian prices are from the Hydro Quebec Rate Comparison for rates effective April 1, 2017 for select local distribution companies servicing specific cities. Where Hydro Quebec reports prices for two cities in a province (e.g. Calgary and Edmonton), an average of the two is used. In provinces where only one city is reported (e.g. Vancouver in BC, Montreal in QC), that one price is used to represent the province for indicative comparison purposes.

American jurisdictions reflect April 2017 data from the US Energy Information Administration's survey of approximately 500 of the largest utilities. The price reflects the average revenue reported by the utility from electricity sold to the residential sector. The value represents an estimated average retail price, but does not necessarily reflect the price charged to an individual consumer. Prices are converted at an exchange rate of 1 USD = 1.34 CAD.