
Keeping Clean, Reliable Electricity Affordable and Lowering People's Bills

Ensuring a clean, reliable and affordable supply of electricity for Ontario families, farms and businesses is a core responsibility of government and a key way to build Ontario up.

Over the course of the past decade, Ontario's electricity customers – residential and commercial customers alike – have helped remove dirty coal-fired generation from the province's electricity system. Ontarians are proud to live in the first place in North America to end a heavy reliance on polluting coal power. It means the people of the province are responsible for the single-largest greenhouse gas reduction measure ever completed in North America. And today, Ontario's electricity system is safer and more reliable than ever before, creating a range of health and economic benefits.¹

But as ratepayers know, these essential improvements have come with a cost. As the province has built new, cleaner generating capacity and made critical infrastructure upgrades to ensure system reliability, customers' bills have risen faster than the rate of inflation. The province has made every attempt to shield ratepayers from the impact of this necessary transition. Over the last several years it has managed to reduce a number of costs associated with the electricity system, while maintaining reliability for all consumers. Since 2013, the province has:

- Renegotiated the Green Energy Investment Agreement, reducing contract costs by \$3.7 billion
- Approved a plan by Ontario Power Generation to pursue ongoing operations of the Pickering nuclear generating station, expected to save customers as much as \$600 million
- Introduced more competitive procurement as well as annual renewable energy price reviews to remove a further \$4.2 billion in costs as compared to previous forecasts

Other measures to reduce electricity bills include:

- Energy-saving home retrofits: The government is investing \$100 million to help about 37,000 homeowners conduct audits and identify energy-saving opportunities and complete retrofits, such as replacing furnaces and water heaters and upgrading insulation
- Removing the Debt Retirement Charge from electricity bills: This measure is saving a typical residential electricity user about \$70 each year with the removal of the debt retirement charge, as of January 1, 2016

Commented [CD(1)]: Recommend deleting as the report referenced is quite dated. LSB also recommends against directly linking coal generation with health impacts.

Commented [CD(2)]: There are a number of factors that have led to reduced smog days, including reduced manufacturing activity in Ontario and neighbouring US states. Recommend not making this direct linkage.

- Ontario Electricity Support Program (OESP): The new OESP, which is now accepting applications, will help make electricity more affordable for low-income families. The OESP was developed by the Ontario Energy Board and is designed to lower electricity bills through an on-bill credit. Consumers will receive an on-bill credit of between \$30 and \$50 a month

The province made a responsible, forward-looking decision when it closed the coal plants and kick-started a renewable power industry that has created over 40,000 jobs. Clean, renewable power and a healthy environment have put Ontario in the lead when it comes to fighting climate change, the benefits of which will accrue to the people of the province over the years and decades ahead.

Similarly, rate relief is a responsible way to ensure people truly are able to benefit from their investment in a 21st century low-carbon grid to power Ontario's future. But despite these efforts and the obvious benefits of Ontario's clean grid, the price of electricity has become a challenge for many Ontario families and businesses. With the government's economic plan steadily strengthening Ontario's economy and fiscal position, the province is in a position to make another responsible, fair decision by further reducing the price that households and businesses across Ontario pay for electricity.

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Residential Customers, Farms and Small Businesses

The Government will introduce legislation to rebate the provincial portion of the harmonized sales tax (HST) directly on consumer's monthly electricity bills.

This measure will be made available to all consumers eligible for the Regulated Price Plan (RPP), as defined by the Ontario Energy Board (OEB). This includes about five million residential consumers, small businesses, farms, long-term care homes and student residences. If approved by the Legislature, this HST rebate will begin appearing on bills as of January 2017.

It is anticipated that this measure alone will result in a saving of about \$130 per year for the typical Ontario residential consumer. By providing direct, on-bill savings each month, Ontario families will have access to additional disposable income to save or spend, based on their household's priorities. Small businesses will be able to invest in their growth or reflect their savings in lower prices for consumers.

Additionally, and in recognition of the unique and special circumstances associated with the electricity cost-of-service for rural and remote ratepayers, the existing Rural or Remote Electricity Rate Protection Program (RRRP) will be significantly enhanced to provide even more on-bill savings for Ontario's most rural customers. Together, the rebate of the provincial portion of the HST and the enhanced RRRP, will provide eligible rural and remote customers across Ontario with an average on-bill monthly savings of about 20 per cent, or about \$540 per year.

Larger Business Customers

As part of the Government's commitment to helping all electricity ratepayers with the costs of one of the cleanest, most reliable systems in North America, new measures will also be implemented to ensure that Ontario's commercial and industrial consumers are also benefitting from lower electricity costs.

Since 2011, the Industrial Conservation Initiative (ICI) has encouraged large electricity users – primarily large industrial customers – to take steps to reduce consumption during peak periods and lower their electricity costs by about one-third, on average.

The ICI rewards large electricity customers who reduce consumption when the electricity system experiences the most demand and stress, for example during the warmest summer days. By making these modest changes the entire electricity system benefits. When peak demand is lowered, the province can meet its electricity needs with less system capacity. The number of new generating projects can then be reduced, which lowers costs to all consumers over the long term.

Putting Ontario's large businesses in control of their own electricity costs has empowered industrial customers and resulted in **1,000 megawatts of reduced peak electricity demand**.

This is why Ontario will now expand the ICI program by lowering the threshold for participation and expanding eligibility beyond existing customer types. When fully implemented, over 1,000 more industrial customers will be eligible to find cost savings of up to 34 per cent. At the same time, Local Distribution Companies, supported by the Independent Electricity System Operator (IESO), will continue to provide significant conservation programs tailored to specific business classes and needs.

Expanding eligibility of the Industrial Conservation Initiative program will empower businesses to manage their electricity costs in a way that best supports their growth. And as in the past, unleashing the creativity and innovation of Ontario's industrial and commercial businesses will no doubt lead to exciting and new conservation measures. The province will actively monitor the implementation of these business programs and ensure that appropriate resources are made available to ensure maximum uptake and business cost-savings.

Any business not eligible for either the on-bill provincial HST rebate or the expanded ICI eligibility will receive an on-bill benefit via the Greenhouse Gas Reduction Account, as part of Ontario's Climate Change Action Plan (some businesses above the threshold for the Regulated Price Plan and below the new ICI threshold will not be eligible for the provincial HST rebate or the expanded ICI).

In addition to these new electricity rate reduction initiatives, larger industries, small businesses and Ontario households will also have access to programs that will help improve energy efficiency and lower energy costs through Ontario's Climate Change Action Plan, including dedicated funding to support the low-carbon transition.

Investments the people of Ontario have made in the electricity system have helped Ontario emerge from the recession with a clean, reliable and diverse power grid for the century ahead. It is therefore appropriate that as Ontario's recovery gathers force and the province strengthens its fiscal foundations, electricity ratepayers will directly benefit — and as soon as possible. Collectively, these new measures will result in meaningful and significant monthly cost savings to help Ontario families manage their own household budgets. They will help businesses invest, grow and hire new workers. And the prudent and effective management of the province's budget and economic plan means these new measures to deliver on-bill savings that lower the price of electricity for all customer classes will not delay the province's plan to return the budget to balance in 2017-18.