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 ratepayers and commerical customers alike – have helped remove dirty coal-fired generation from the province's electricity system. Ontarians are proud to be 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 the cleanest it's ever been. It is also safer and more reliable than ever before, creating a range of health and economic benefits. Independent assessment has confirmed savings of more than $4-billion per year in health and other social costs associated with pollution from coal fired generation. Smog days have gone from a regular occurrence in Ontario to a rarity.

But as ratepayers know, these essential improvements have come with a cost. As the province has built new, renewable generating capacity and made critical infrastructure upgrades to ensure system safety and 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 world-leading reliability for all consumers. The province has:

- Renegotiated the Green Energy Investment Agreement, reducing contract costs by $3.7 billion
- Changed the retirement schedule for legacy Ontario Power Generation nuclear generating stations, expected to save customers as much as $600 million
- Introduced more competitive procurement as well as annual renewable energy price reviews. Based on the results of recent renewable procurements, the introduction of competition through the Large Renewable Procurement process, annual renewable energy price reviews, and revised procurement schedules are expected to reduce costs by a further $4.1 billion compared to previous forecasts

Other measures to reduce electricity bills include:

The saveONenergy for Home Conservation Program (including Home Assistance Program for low income customers) provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home and electricity-saving measures like LED lighting, ENERGY STAR certified

Commented [CRED1]: Competitive renewable energy procurements were held prior to 2013 and the IESO has been conducting annual reviews of FIT and microFIT price schedules since 2011.

Commented [CRED2]: Revised to be consistent with edits to the throne speech.

The $4.2 billion reference is incorrect. Revised to $4.1 billion (it is the sum of $799 million estimated reduction in the cost of FIT and microFIT programs resulting from lower prices and reduced procurement and $3.3 billion estimated cost reduction of LRP program resulting from lower prices and reduced procurement relative to the costs forecasted in the 2013 Long-Term Energy Plan).

Commented [CRED3]: Recommend removing this reference to the $100M investment in home energy audits and retrofits from the Green Investment Fund (GIF) since it is not a measure intended to reduce electricity bills.

The programs funded by GIF will cover homeowners who heat their homes with natural gas, oil, propane or wood.

Homeowners who heat their homes primarily using electricity (i.e. baseboard heating), can access saveONenergy programs and incentives, offered by their local electricity utility with support from the Independent Electricity System Operator.

ceiling fans, baseboard programmable thermostats, clotheslines, and advanced powerbars.

- 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

- 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.

Commented [CRED4]: CRED defers to ESP on the job number.

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, electricity cost increases have continued at a rate above the level of inflation. 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.

Residential Customers and Small Businesses

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

This measure will be made available to all Residential Price Plan (RPP) customers, as defined by the Ontario Energy Board (OEB) and any any customer with a licensed distributor. This includes small businesses, family farms, long-term care homes, student residences and about five million residential customers. If approved by the Legislature, this HST rebate will begin appearing on [residential] bills as of January 2017.

It is anticipated that this measure alone will result in at least $130 more per year for the typical Ontario urban ratepayer. 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. Eligible rural and remote customers across Ontario will receive additional rebates resulting in an on-bill monthly savings of about 20 per cent , or about $45 per month. Together with the provincial HST rebate, Ontarians in the most rural areas will see an annual reduction of their electricity bills by an average of $670 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 ratepayers 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 on-site steps to better manage their usage and lower their electricity costs by about 25 per cent, 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 or coldest winter nights. 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 ratepayers.

Putting Ontario's large businesses in control of their own input cost of electricity has empowered industrial customers and resulted in XX-billion in system savings over the last XX years.

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 able to find cost savings between 14 per cent and 34 per cent, depending on their ability to implement conservation initiatives.

Expanding eligibility of the Industrial Conservation Initiative program will empower businesses to manage their electricity costs in a way that best supports their growth. At the same time, Conservation Programs delivered by Local Distribution Companies, supported by the Independent Electricity System Operator (IESO), will continue to provide significant programs tailored to specific business classes and needs.

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 efforts. 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.

Commented [CRED5]: Moved sentences re: LDC conservation programs, so it's not mixed up with ICI content. CRED believes the 14-35% stat is related to ICI, not LDC conservation programs. ESP should verify.

Commented [CRED6]: Revised to broaden. The word "measure" implies technology development rather than technology implementation.

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 (businesses consuming more than 250,000 Kwh/year are not eligible for the provincial HST rebate and businesses consuming less than 1 MWh/year are not eligible for 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.