

Ontario Cutting Electricity Bills by 25 Per Cent

System Restructuring Would Deliver Lasting Relief to Households and Businesses in Northeastern Ontario

NEWS

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Ontario is lowering electricity bills by 25 per cent on average for all residential customers and half a million farms and businesses, as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.

Starting this summer, Ontario's Fair Hydro Plan would provide households with this 25 per cent break. Many small businesses and farms in northeastern Ontario would also benefit from the initiative. People with low incomes and those living in eligible rural communities would receive even greater reductions to their electricity bills. As part of this plan, rate increases over the next four years would be held to the rate of inflation for everyone.

These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

Taken together, these changes will deliver the single-largest reduction to electricity rates in Ontario's history.

Recently, electricity rates have risen for two key reasons:

- Decades of under-investment in the electricity system by governments of all stripes resulted in the need to invest more than \$50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable.
- The decision to eliminate Ontario's use of coal and produce clean, renewable power, as well as policies put in place to provide targeted support to rural and low-income customers, have created additional costs.

The burden of financing these system improvements and funding these key programs has unfairly fallen almost entirely on the shoulders of today's ratepayers. To relieve that burden and share costs more fairly, two system fixes are being undertaken.

Recognizing that the electricity infrastructure that has been built will last for many decades to come, the province would refinance those capital investments to ensure that system costs are more equitably distributed over time. In addition, a number of important programs, such as the Ontario Electricity Support Program (OESP), will now be funded by the government instead of by ratepayers.

The province will also launch a new Affordability Fund, enhance the existing OESP and Rural or Remote Rate Protection (RRRP) program and provide on-reserve First Nations households with

a delivery credit. These new measures will cost the government up to \$2.5 billion over the next three years.

Notwithstanding that hydro rate relief costs will add significant pressure on the fiscal framework, the province continues to project a balanced budget for 2017-18, and will provide a full update on its fiscal plan in the spring budget.

Reducing electricity costs in Sault Ste. Marie is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

QUOTES

"Electricity costs rose sharply and residents and business owners in northern Ontario spoke out. They told us the government needed to do more to reduce the costs and make hydro more affordable. By fixing problems in the system, Ontario is lowering electricity bills by 25 per cent on average for all residential customers and ensuring rates are fairer in the future."

— Glenn Thibeault, Minister of Energy

QUICK FACTS

- Ontario's Fair Hydro Plan would improve sector efficiency and modernize the province's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- The Province will expand the RRRP to provide distribution charge relief to additional customers served by LDCs with the highest rates. About 800,000 customers would benefit from the enhanced RRRP program.
- The Affordability Fund would be accessible to Local Distribution Companies (LDCs) for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
- On-reserve First Nations customers will receive a 100 per cent credit of the delivery line on their monthly electricity bills.
- The expanded OESP will provide an additional \$180 to \$276 per year for households of eligible size and combined income.
- Ontario is expanding the Industrial Conservation Initiative (ICI) program by reducing the threshold from 1 MW to 500 kW and targeting more small manufacturing and industrial consumers.
- In 2016, the Ontario Chamber of Commerce (OCC), in partnership with the Ontario Chamber Network launched a campaign titled, *Small Business Too Big To Ignore*. The campaign highlighted the important contributions of small businesses and investigated the top barriers to small business growth, one example being the cost of electricity.

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- Learn how Ontario is developing the next [Long-Term Energy Plan](#).