
AMO MOU Meeting

April 6, 2017

Ontario's Fair Hydro Plan

Ontario's Fair Hydro Plan

- Ontario is moving forward with a plan that will ensure costs are shared more evenly over the years ahead.
- Starting this summer, Ontario's Fair Hydro Plan would reduce the electricity bills of residential consumers by 25 percent on average, including the 8 percent rebate which came into effect on January 1, 2017. Most small businesses and farms would also receive a benefit.
- Increases would also be held to the rate of inflation for the next four years.
- Ontario's Fair Hydro Plan also contains measures to help larger consumers manage their electricity costs. The plan proposes to expand eligibility for the Industrial Conservation Initiative (ICI), from consumers over 1 MW to include manufacturers between 500 kW and 1 MW. ICI allows consumers to reduce their electricity bills by up to one-third by shifting their demand away from peak hours.
- Building on previously announced initiatives to deliver broad-based rate relief, the plan will deliver the single largest reduction to electricity rates in Ontario history.

Ontario's Fair Hydro Plan

Ontario's Fair Hydro Plan proposes:

- Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including residential consumers, small businesses and farms.
- Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill. Eligible consumers would receive additional funding through assistance programs including:
 - Establishing a new Affordability Fund which will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who otherwise would be unable to make energy efficiency improvements without financial assistance.
 - It is expected that measures funded through the Affordability Fund will be similar to, or build on those available through the existing residential low-income conservation program – the Save on Energy Home Assistance Program.

Ontario's Fair Hydro Plan Cont'd

- Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.
 - The RRRP is currently provided to approximately 350,000 rural residential customers in Ontario.
 - 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.
- Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.
 - Ontario is increasing the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from \$30 to \$45 per month (\$540 per year, an increase of \$180), and the lowest credit for the enhanced scale would increase from \$45 to \$68 (\$816 per year, an increase of \$276)
- Establishing a new On-Reserve First Nations Delivery Rate.

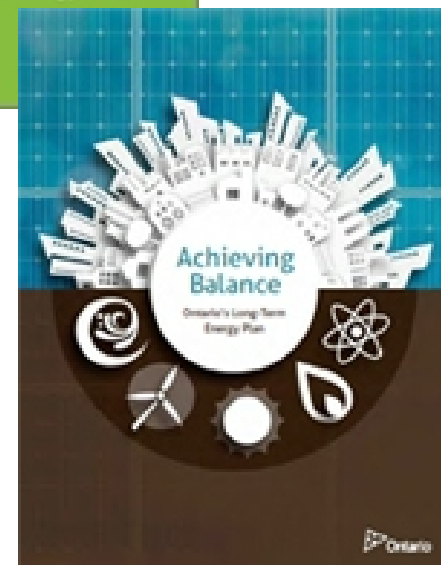
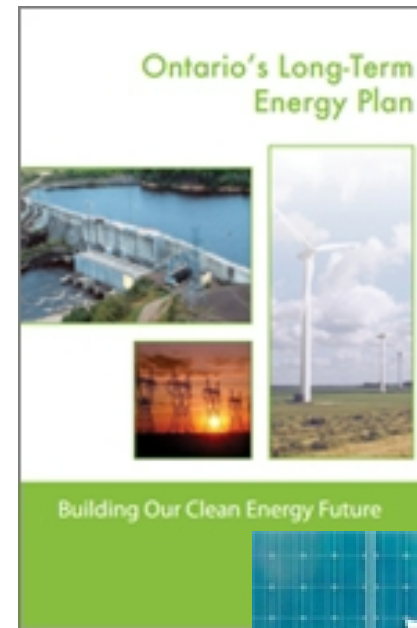
Ontario's Fair Hydro Plan - ICI

- The Ontario government is also committed to providing competitive electricity rates for energy intensive consumers in the manufacturing sector while also promoting electricity conservation.
- ICI lowers costs for eligible large electricity consumers that reduce consumption during peak periods. ICI consumers can reduce their electricity rates by up to one-third.
 - To give more businesses the incentive to participate in the ICI, we have lowered the threshold from 3 megawatts (MW) to 1 MW and removed sector restrictions so that more consumers can benefit. Newly eligible consumers that opt-in to ICI will see the impact beginning in July 2017.
 - The Ontario government is proposing to expand ICI to include smaller manufacturers with average peak demand greater than 500 kW and less than 1 MW. The expansion to 500 kW is expected to be effective in July 2017 pending final approval.

Long-Term Energy Plan

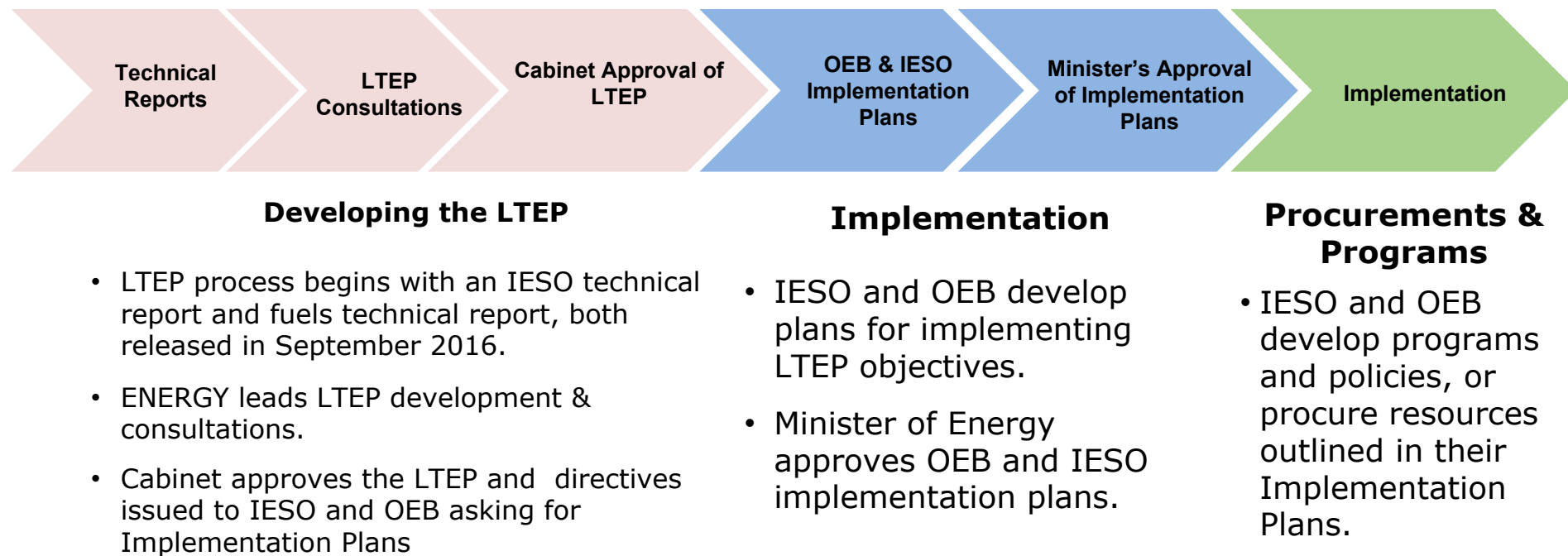
Long-Term Energy Plan

- The Long-Term Energy Plan (LTEP) is the energy sector's roadmap, with a focus on integrated policy and setting the direction for Ontario's energy future.
 - The 2013 LTEP included content on both Ontario's electricity as well as fuels sectors.
- Developing the LTEP is a highly collaborative process in which ENERGY and IESO directly engage with stakeholders, indigenous communities and the public.
- The following presentation provides an overview of the LTEP process.



New Long-Term Energy Planning Process

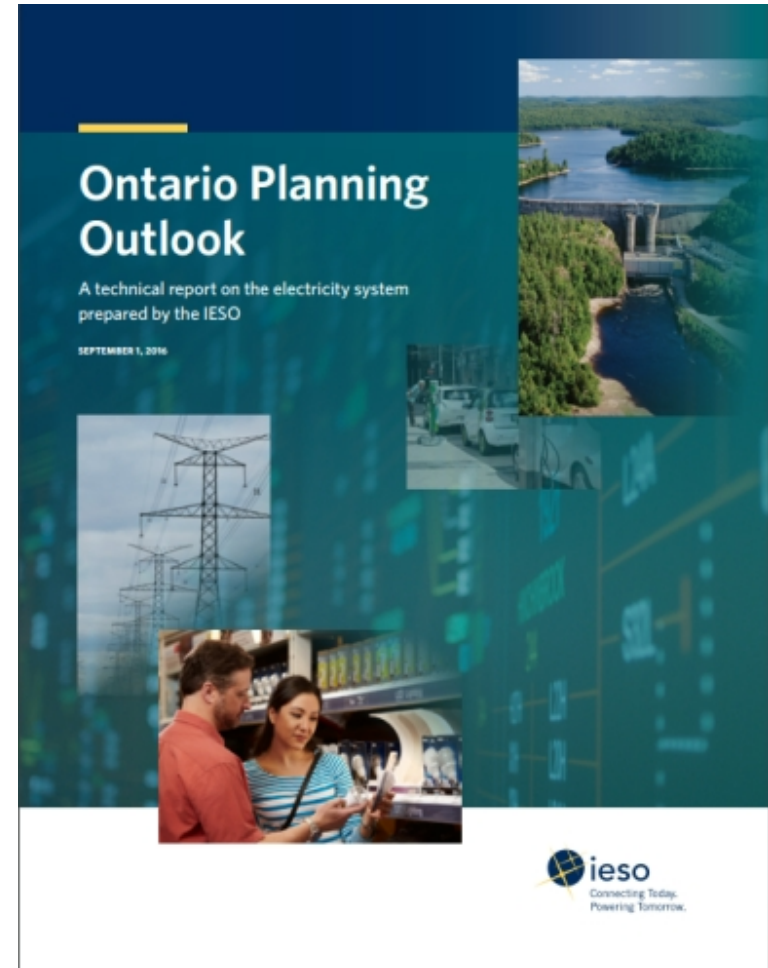
- The development of the next LTEP will follow the energy planning process outlined in the *Energy Statute Law Amendment Act*. This legislation came into force on July 1, 2016.
- The next LTEP will account for both electricity and fuels in a more holistic manner and will consider the initiatives described in Ontario's climate change strategy.
- The planning process is based on the one used by the Ministry to develop the 2010 and 2013 LTEPs. The next LTEP will follow the following planning process:



Technical Report 1

IESO Ontario Planning Outlook

- The first step in the LTEP process was the release of the Ontario Planning Outlook (OPO) by the IESO on September 1, 2016.
- The OPO includes a ten-year review and a twenty-year outlook (to 2035) for electricity demand, supply, system costs, conservation and emissions.
- The purpose of the report is to allow the Ministry and stakeholders to start from a common point of understanding in advance of LTEP consultations.
- The OPO considers other government commitments, including the Climate Change Action Plan, the *Climate Change Mitigation and Low-Carbon Economy Act, 2016*.



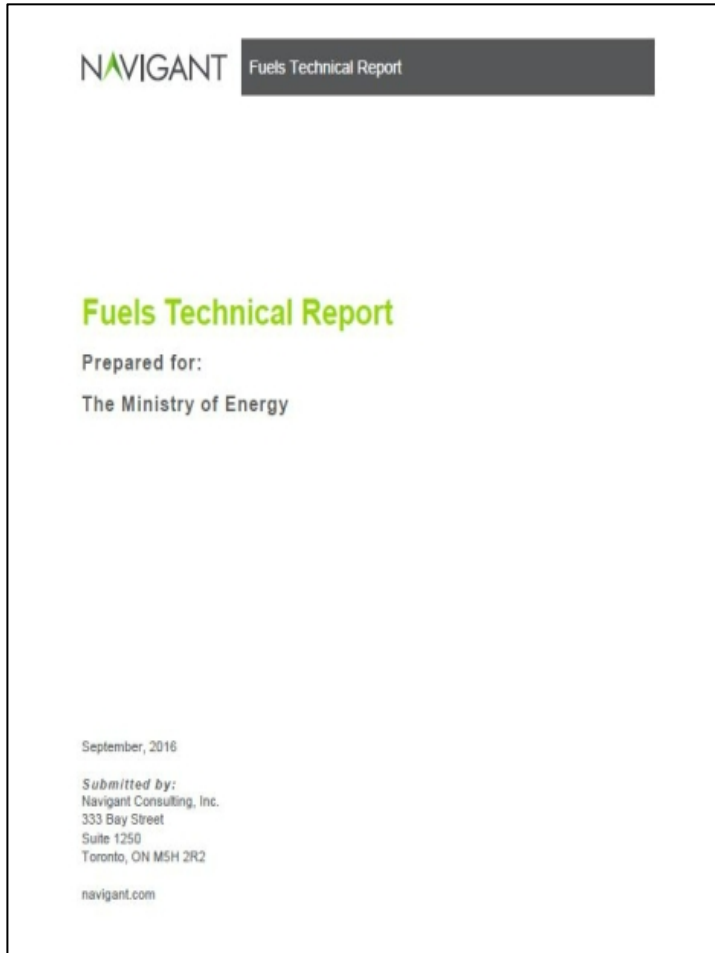
Technical Report 1

IESO Ontario Planning Outlook

- The OPO includes a range of four demand outlooks driven by varying degrees of electrification:
 - **Outlook A:** Low Demand
 - **Outlook B:** Flat Demand
 - **Outlooks C & D:** Higher Demand
- The outlooks are consistent with objectives in the CCAP to 2020. Long-term IESO projections reflect the near-term CCAP impacts. Demand projections are net of expected conservation, and are influenced by changes to Ontario's economy, and electricity use for transportation, space and water heating, and industrial processes (see assumptions in appendix).
- The IESO identifies a number of resource options that could be used to meet the various demand outlooks, however it does not propose a specific resource mix since this will be determined through the LTEP process.
- The IESO also considers the transmission/distribution, emissions and system cost impacts of the different demand cases.

Technical Report 2

Fuels Technical Report



- Fuels such as natural gas, gasoline, diesel, propane and biofuels supply three quarters of the province's primary energy use.
- The Ministry released a **Fuels Technical Report** on Ontario's fuels sector, similar to IESO technical report on the electricity sector. The report developed by Navigant and released on September 30, 2016.
- The report added two additional outlooks driven by changes in the fuels sector:
 - **Outlook E:** Same electrification assumptions as the IESO's Outlook C, with incremental fuels conservation and renewable and alternative fuels.
 - **Outlook F:** Same electrification assumptions as the IESO's Outlook D, with even greater conservation and shifting to renewable fuels.
- The Ministry convened a **Fuels Sector Working Group** made up of companies and associations from Ontario's fuels sector to help develop the report.

LTEP Engagement Process

- The LTEP engagement process took place from October 2016 to January 2017. Feedback was received through three channels:



In-person sessions

Stakeholder sessions
Public open houses
Indigenous sessions

17 communities visited
~730 stakeholder attendees
~550 open house attendees
17 Indigenous sessions
~100 Indigenous communities & organizations represented



Written submissions

Environmental Registry
LTEP@ontario.ca
Hardcopies (mail, drop-off)

~1,500 Environmental Registry submissions
~200 letters, emails and paper submissions

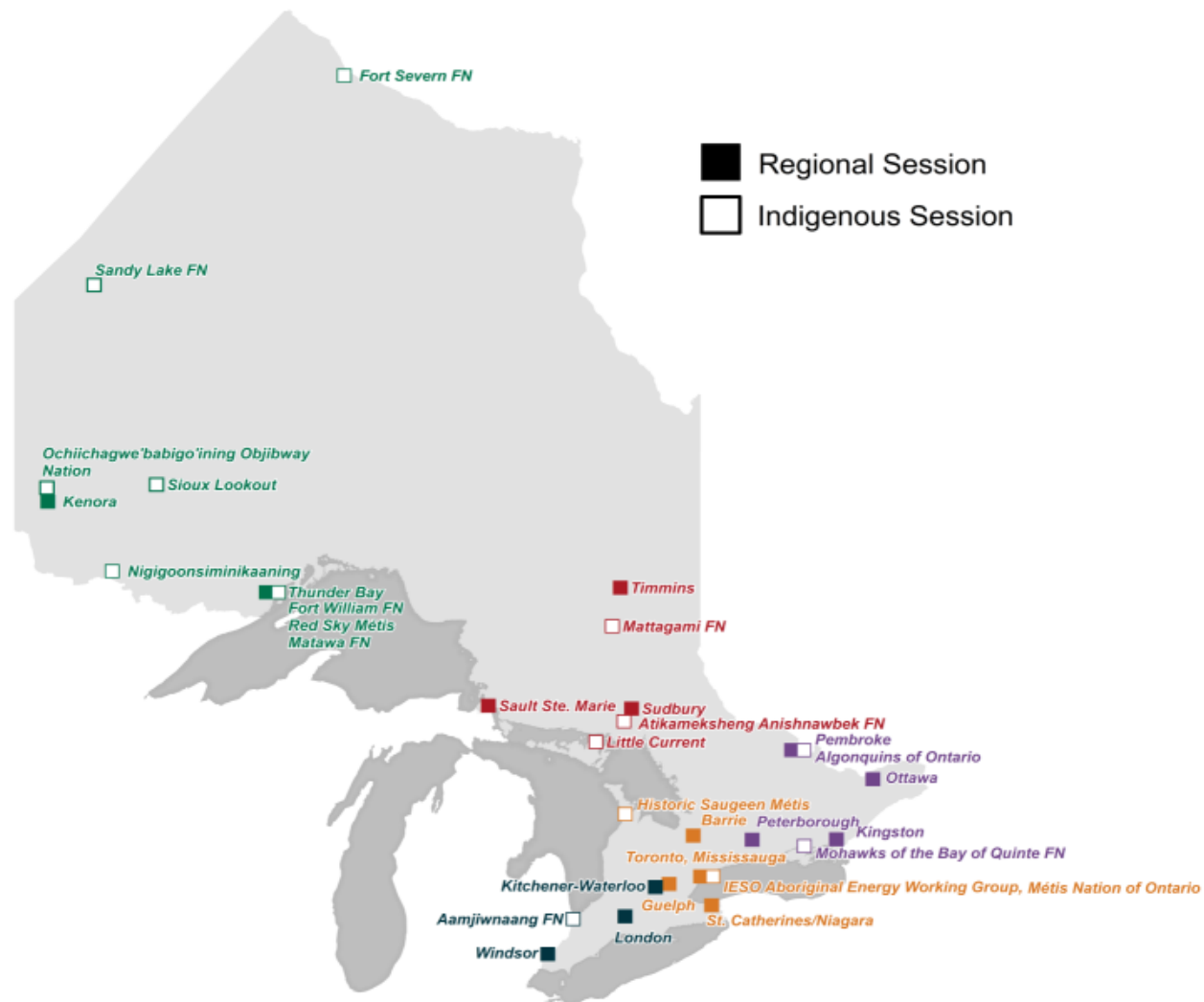


Talks Tool

Online survey and comments on an online forum

2,835 online comments and submissions
2,285 users

LTEP Engagement Sessions



Produced by Ontario Ministry of Energy, January 2017

Who We Heard from

Public

~500 attendees at the 17 public open houses
1,340 submissions from individuals through the environmental registry/mail

Municipalities

57 representatives from ~40 different municipalities attended a session
28 submissions through the environmental registry/mail

Indigenous Groups

200 participants from nearly 100 Indigenous communities & organizations
11 submissions through the environmental registry/mail

Other Public Sector

NGOs; unions; environmental groups; not-for-profits; academics

71 representatives from 39 different organizations attended a session
110 submissions through the environmental registry/mail

Energy Supply Groups

170 representatives from 51 different organizations attended a session
64 submissions through the environmental registry/mail

Transmission/ Distribution

LDCs; transmitters; gas utilities

100 representatives from 45 different organizations attended a session
12 submissions through the environmental registry/mail

Other Private Sector

Manufacturers; building; automotive; mining; chemical sectors

136 representatives from 88 different organizations attended a session
96 submissions through the environmental registry/mail

Engagement With Municipalities

- There were **representatives from ~40 different municipalities** at the stakeholder sessions across the province.
- The Ministry received approximately **30 written submissions** from municipalities.
- A wide range of issues were highlighted related to energy supply, delivery, conservation, innovation and prices.
- Examples of the issues highlighted by municipalities included:
 - Involvement in siting decisions;
 - Strengthening regional planning process;
 - Support for community energy plans and conservation initiatives;
 - System costs and reliability
 - Increasing access to natural gas

Next Steps

- The Ministry continues to identify and assess policy initiatives to be included in the LTEP.
- As the content for LTEP is developed, the Ministry of Energy will work closely with other ministries both where policy areas overlap.
- Pending Cabinet approval, the Ministry expects to release the LTEP in mid-2017.

Local Distribution Companies

Local Distribution Companies

- Ontario supports voluntary consolidation and other intra-LDC arrangements that deliver value to customers, like shared services.
- As announced in the Ontario Fair Hydro Plan, the Ministry of Energy will be working with the Ontario Energy Board to explore ways to find further efficiencies in the sector, and reduce the regulatory burden on LDCs. This will be explored in our Long-Term Energy Plan.
- We've seen great examples of LDCs coming together to provide excellent customer service and value to customers. We believe there is opportunity for LDCs to work together to provide the services that customers want at low cost.
- The Ministry is also exploring ways to incent efficiencies and improve value to customers outside of consolidation. The Ontario Fair Hydro Plan announced a commitment to work with the Ontario Energy Board to:
 - Encourage shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small to medium-sized utilities.
 - Reviewing business cases behind OEB regulatory requirements, thereby reducing red tape and eliminating costs.
 - Looking at opportunities to further drive transmitter and LDC efficiency and productivity improvements, including the use of innovative technologies and business processes.

Regional Planning and Distributed Generation

Regional Planning and Distributed Energy

Municipal Engagement in Regional Planning

- Outreach with local municipalities and Indigenous communities is the start of engagement for every regional plan. An ongoing dialogue serves to build understanding of how regional planning happens and provides opportunities for local input, laying the foundation for successful implementation.
- In many areas of the province, Local Advisory Committees have been established to help provide advice and recommendations on regional electricity planning.
- Ontario is also supporting local energy planning through the Municipal Energy Plan (MEP) program. The program supports municipalities' efforts to better understand their local energy needs, identify opportunities for energy efficiency and clean energy, and develop plans to meet their goals.

Distributed Energy and other non-wires solutions

- Innovation and changes in customer behaviour are encouraging the spread of new distributed energy technologies.
- Regional planning is an essential link between how broader and more localized planning activities work together.
- Local solutions can be economic in some applications, for instance, where there is slow growth, high local avoided costs and sufficient lead time to ramp up.
- There is an opportunity through the LTEP to address how economic non-wires solutions can be implemented.