Draft Remarks for Cabinet – Monday, 12 September

Good Morning:

It gives me incredible pleasure to be here today making my first presentation to Cabinet – and on such a substantive public policy initiative.

As you know, today we will hear from the Lt. Governor a Speech from the Throne to help define the 2nd half of this Government's mandate.

I understand that the measures that are included in this Cabinet Submission shall feature prominently within this afternoon's Speech, and the approvals that we are seeking today will help to deliver quickly on the new priorities that will be outlined later today.

Meaningful, sustained and broad-based electricity rate relief is what the Ministry of Energy is proposing, and delivered in a fiscally responsible way.

There are three key pillars of our proposal that I will outline briefly and then speak to our implementation approach.

First – an 8% on-bill rebate that has the impact of essentially removing the provincial portion of the HST from every household's monthly hydro bill. For typical urban residential customers, this would represent about $11 / month, or approximately $133 per year.

For sake of ease, this measure is being implemented across the same customer class that formerly received the Ontario Clean Energy Benefit (OCEB) and therefore will impact some small business customers as well as family farms.

We are seeking Cabinet approval to introduce Legislation as early as possible to implement this important measure. The BILL NAME will enable this measure and, should the legislation receive royal assent, then Ministry of Energy will return to Cabinet this fall to seek necessary regulatory approvals that would ensure this measure would be in place for 1 January 2017.

It is important to note that this measure does carry a fiscal impact of about $1-billion per year to the Treasury. However, with the Government anticipating a return to balanced budgets next fiscal year, as planned, this rebate will ensure that the <u>first</u> beneficiaries of the return to balance are Ontario families, farms and small businesses.

Second – to recognize the proportionally larger costs per customer that Ontario's more remote households across northern and rural Ontario pay in distribution charges, especially as it relates to urban customers – Ministry of Energy is proposing to further enhance the existing RRRP protection plan.

The RRRP is a rate-based program, governed by the Ontario Energy Board that collects a small portion a cross the entire rate-base and redistributes these funds to reduce the distribution charges of the least dense – or "R2 category" customers. This program was first put in place but the former Eves' Conservative Government, but has never been adjusted. To that end, inflation alone as eroded the value that Ontario's northern and rural customers have received over the course of the past decade. As part of today's submission, we propose to almost double this important benefit. When taken together with the 8% tax rebate that all customers receive, the total rate reduction for northern and rural households will be about $45/month or approximately $540 /year. Significantly, for these hardest to serve customers, that means a rate cut of about 20% off the typical R2 household bill.

SLIDE XX provides the exact outline of these residential price plan changes.

Third and finally – we know that Ontario small and medium sized businesses could use additional support with electricity input costs.

Rather than creating any new programs, Ministry proposes to dramatically increase the size and eligibility for our single most successful industrial rate mitigation program – the Industrial Conservation Incentive (ICI) program.

First started in 2011 for those customers using 5MW of electricity or more - the ICI program empowers individual businesses to better manage their consumption, avoiding the warmest summer days and coldest winter evenings, when the electricity system is experiencing the most strain. The more they conserve during these critical peak days, the more the entire electricity system benefits.

A recently concluded independent study found that expanding the ICI program would provide eligible customers 14%-34% in electricity price savings, depending on how aggressive these firms participate in the program. Simply put, those who take the most significant action will see the most significant rate savings.

Finally, for those customers already participating in the ICI program, the Ministry of Energy will use Cap & Trade proceeds via the Greenhouse Gas Reduction Account (GGRA) to provide modest rate mitigation, in keeping with the 2016 budget commitment.

However, because the proposed residential rebate and expanded ICI program will provide significant support for Ontario families, farms and businesses, we are able to return about $240-million in funds to the GGRA that had previously been earmarked for electricity price mitigation.

SLIDE XX provides an outline of the industrial and commercial electricity savings.

As you can well expect, an initiative of this kind will require significant and sustained public communications.

Over the course of the past several weeks, my staff have been working on some important public facing communication materials. At our full Government Caucus meeting tomorrow, our intention will be to provide a detailed Communications briefing. However, I will preview for Cabinet that we intend to deliver broad and sustained retail communications that can reach every household, farm and business in Ontario, using a variety of media. Part of this plan will require that all Members of Cabinet and Caucus help us take up this public relations campaign in the weeks and months ahead. Our office, working with Premier's Office is preparing a detailed Communications outreach plan and will coordinate with staff across Government to ensure that our message of rate relief is heard across Ontario this fall.

Thank you and we'd be prepared to take your questions now.