Communications Snapshot – Ontario's Fair Hydro Plan Refinancing the Global Adjustment

Communications Objectives

- Demonstrate the government's commitment to providing electricity rate relief in Ontario through legislation and regulatory amendments that will enable the refinancing of the Global Adjustment (GA) as proposed in Ontario's Fair Hydro Plan (OFHP).

Context

- On June 1, 2017, the *Fair Hydro Act*, 2017, which enables the initiatives of Ontario's Fair Hydro Plan (OFHP), received Royal assent.
- OFHP will lower electricity bills by about 25% on average for residential consumers, most small businesses and farms in the province.
- On June 22, 2017, under the OFHP, the Ontario Energy Board (OEB) released regulated price plan (RPP) rates that will lower electricity bills by about 25% on average for residential consumers, most small businesses and farms in the province as of July 1, 2017. For eligible consumers that are not on the RPP, the OFHP reductions will be applied on electricity consumption from July 1, 2017 onwards.
- This includes the eight per cent rebate introduced in January 2017 under the *Ontario Rebate for Electricity Consumers Act, 2017*, and builds on previous initiatives to deliver broad-based relief on all electricity bills.
- To relieve the current burden on ratepayers and share costs more fairly, a portion of GA is to be refinanced.
- GA is the mechanism which recovers the costs of running Ontario's generation fleet, as well as the cost of conservation programs.
- The majority of the province's electricity generators have 20-year contracts. Many of these generators will be able to operate past their contract term, meaning that generating assets are expected to have ongoing useful life and will benefit future ratepayers by reducing the need to finance the development of new generating assets.
- Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built.
- In the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.
- Electricity consumers that are eligible for the 8 per cent rebate would also be eligible for GA refinancing, including all residential consumers, farms, most small businesses, long-term care homes and condominiums.
- Initial analysis indicates that the accumulated debt would not exceed $28 billion, including interest.
- Refinancing GA would be achieved through the legislation, new regulations and amendments to existing legislation and regulations.
- The *Fair Hydro Act, 2017* outlines:
    - Roles and responsibilities for the Ontario Energy Board (OEB), Independent Electricity System operator (IESO), Ontario Power generation (OPG) and the Province;
    - A detailed Preamble, Purpose and Definitions;
    - Details with respect to cost allocation, rate reduction methodology, implementation and financing;
    - Scope of provincial undertaking and enabling the Province to provide guarantees and indemnities to back stop that undertaking; and
    - Amendments to other acts.
- The Ministry of Energy is seeking to create the following new regulation:
    - Creating a new Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*, which is Schedule 1 of the *Fair Hydro Act, 2017*; and

Target Audiences

- Regulated Price Plan (RPP) eligible consumers, including residential consumers and most small businesses and farms.

Key Messages

- To relieve the current burden on ratepayers and share costs more fairly, a portion of the Global Adjustment (GA) would be refinanced.
- Refinancing the GA would provide significant and immediate rate relief by spreading the costs and the benefits of electricity investments more fairly across generations of rate-payers over time.
- The Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) are to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which would ensure that the costs of these investments are allocated fairly among current and future ratepayers.

Strategic Approach

- Reactive materials will include Q&As and key messages will be prepared.
- Collaborate with OPG and IESO to develop outreach to business analysts about the impact GA refinancing will have on consumers and businesses.

Tactics & Rollout

	Pre-Launch	Launch	Post Launch
Regional Rollout Examples: • MPP Template • Speeches • Media event • Op-ed, media pitch • Editorial board meeting	• n/a	• Reactive QA	• n/a
Earned Examples: • News release, etc. • Remarks • Event • Calls/emails to targeted audiences • Multilingual media • Fact sheets • House Statement	• n/a	• Cabinet materials (TBC)	• Media pitch to business analysts
Digital / Social Examples: • Web content • Twitter/Facebook • Keyword / interactive web • Blogger outreach • Videos	• n/a	• Twitter	• Web content • Twitter
Paid ***(must include budget)*** Examples: • TV/radio/newspaper • Online banners/ads • Advertorial • Householder/direct mail	• n/a	• n/a	• n/a

Evaluation

- News media - Track the number news articles and editorials, recording their verified distribution reach, and applying a quantitative scale to denote their tone
- Social media - Record engagement numbers
- Correspondence - Track the number of letters and emails referring to Ontario's Fair Hydro Plan
- Provincial omnibus monthly survey – Track awareness of the FHP and gauge support or opposition of the programs