

Key Messages for Members

The Fair Hydro Act, 2017

Key Narrative

- Our government heard from Ontarians about their frustration over hydro costs that rose too much, too fast.
- Bills have increased because governments of all stripes avoided investing in our electricity system
 - When our government came to power, our system was in desperate need of repairs and upgrades
- We spent \$50B on transmission and generation, eliminated dirty coal and built a clean and reliable electricity system
- But ratepayers are feeling the pinch of making these significant investments
- We now know that much of our electricity infrastructure is going to outlive their current contracts, so it makes sense to spread the costs over a longer period
- And so we are making systematic changes that would provide relief on hydro costs – relief that is substantial, is for everyone, and is sustained.
- Under our plan, bills would be 25% lower on average
 - Any increases would be held to the rate of inflation for four years
 - Those who have been facing the highest distribution charges in our province would see even more relief, and so would those with low incomes

- These households would see as much as a 40-50% reduction
- If passed, It would be the largest cut to electricity rates in Ontario history

Details on the Plan

- Our plan would build on the 8% rebate announced in January, tripling the reduction up to 25% on average for all residential customers
- This legislation allows us to implement two key parts of that plan
- First, we're refinancing the Global Adjustment , which can be likened to the refinancing of a mortgage – to spread the significant investments we have made in building Ontario's clean and reliable electricity system over a longer period
 - This will ensure greater fairness for current and future ratepayers
- Second, the legislation makes changes to how some electricity social programs are paid for
- These programs are currently funded by electricity ratepayers, but the proposed Fair Hydro Act, would shift these costs to provincial revenues
 - Making this change would bring a little bit of relief for all ratepayers

- And it also opens up the opportunity to expand these programs, providing extra support to some of our most vulnerable
- Relief for those with the highest distribution rates would be expanded by increasing the supports offered in the Rural or Remote Rate Protection (RRRP) program
 - This program is an automatic subsidy applied to lower distribution rates for those in high-cost areas
 - Currently about 330,000 homes receive it
 - In the expanded program, that would be about 800,000
- We are also increasing support for low-income households through the Ontario Electricity Support Program (OESP)
 - boosting OESP credits by 50%, and increasing the number of households who are eligible, effective May 1, 2017
 - And it would also allow us to explore automatic enrolment, to get more families into the program
- And that's not all...
- We also would increase support for our First Nations partners, by eliminating the delivery charge for all those living on-reserve
 - This would provide an average of \$85/month in savings
- Those eligible to receive these additional supports would see savings of even more than the 25% reduction.
 - As much as 40-50% in many cases

- The reductions in this plan would be the largest in history

Non-Residential Beneficiaries

- Under our plan, every single household would receive savings, an average of 25%
- But it is not only those living in a house who would receive the benefit
- The legislation is also designed to capture:
 - Hundreds of thousands of small businesses
 - The vast majority of farms
 - Small offices of all kinds (non-profits, charities)
 - Retirement homes
 - Long-term care homes
 - Housing co-ops
 - Community agencies
 - Those on retail contracts or with sub-meters
- This is a fair plan, providing widespread relief.

Future Rate Increases

- The Opposition has tried to make a lot of noise about what rates will look like in the future
- They are simply trying to distract from the fact that they have absolutely no credible plan to lower rates in Ontario
 - Given that they have no alternative to offer, they are desperately trying to justify opposition to our plan
- But the fact is, we have been clear all along that the Fair Hydro Plan would spread a portion of today's costs to the future
 - That's the whole point of it

- Today's ratepayers have been taking on the entire burden of building a clean and reliable electricity system, free of dirty coal
 - The Fair Hydro Act would more fairly share those investments among all of those who benefit, by pushing some costs out into the future
- When we announced the Fair Hydro Plan, the Premier said it in her speech at the announcement, and we've been clear about it since – this will mean some of the investments we have made will cost more in the long run, and it will take longer to pay off
 - But we will share the costs more fairly across everyone who benefits
- It is crucial to understand – at the same time as some of those costs are being spread to the future, we will also be working hard to take costs out of the system, to reduce the impact of this change on the overall bills
 - Over the years, we have consistently been able to keep electricity bills below projections
 - The 2010 LTEP predicted that the average bill today would be \$178; the 2013 LTEP predicted \$170
 - The actual cost, even before implementing our plan, is \$156
- We are going to continue to take actions that take costs out of the system, and these actions will help bring down costs for future ratepayers
- But again, this has all been clear from day one of our announcement
- The fact that the opposition is trying to present it as some sort of surprise is just evidence of one thing:
 - They may be good at complaining about electricity prices

- But the fact is that they have no plan to actually make things better for Ontario families
- We have a plan, it's going to lower bills by 25%, and the opposition should do the right thing and help us provide relief to Ontario ratepayers

Opposition Contrast

PCs:

- PCs won't support our plan to lower bills, and have no plan to replace it
- Their biggest idea is to rip up contracts with electricity generators
 - But this would actually increase bills
 - The penalties and lawsuits from reneging on these contracts would end up increasing peoples' bills
 - Not to mention the horrible signal this would send to business in the province
- Meanwhile, the PCs continue to repeat the myth that the ownership of Hydro One has an impact on rates
 - But the reality is that Hydro One doesn't get to set its own rates – those are set by the Ontario Energy Board
 - The PCs have always supported a more dramatic form of privatization
 - Just look at the 407, which they sold off all in one chunk to the detriment of taxpayers
 - We have taken a more responsible approach with Hydro One, broadening the ownership in a gradual process, while retaining a provincial stake

Commented [jb1]: MTO would have stronger language

- But the PCs have decided that the wind is blowing against Hydro One, so they've changed their position
 - There's nothing new about that – this is what we've come to expect out of the party with no plan
 - But the fact is their ideas on this file may be even worse than their idea to tear up contracts with companies
- The lack of ideas out of the PCs was perhaps best summed up by a Toronto Star editorial this spring:
 - "As for the PCs and Brown, their response to the real hardship many Ontarians have suffered from their bills is just sad." (Mar 1 editorial)

NDP

- The NDP haven't been clear yet on whether they support our plan to lower electricity costs for Ontarians
- Yet the fact is, they have no realistic plan to replace it
- This spring they produced a pamphlet claiming to be an energy plan
- But their proposals were vague, and their math didn't add up
- It seemed like many of their proposals relied on an "expert panel" which they would convene in the future, in the hopes that this would somehow produce relief for Ontarians

- Meanwhile, they continue to spread the myth that there is a connection between the ownership of Hydro One and electricity rates
- Hydro One rates have always been set by the Ontario Energy Board, and they continue to be
- This is more about ideology than ideas from the Third Party – they are willing to spend billions on buying back shares of Hydro One, even though they know it won't take one cent off hydro bills
- But perhaps the biggest disappointment of the NDP pamphlet was that low-income Ontarians weren't even mentioned until the last page, when they were told to wait for a future announcement
 - Well we still haven't seen any plans to help the most vulnerable
 - And First Nations groups weren't even mentioned in their pamphlet!
- These groups should be a focus of any energy plan, not an afterthought
- That's why our plan includes specific support for low-income Ontarians through an expansion of the Ontario Electricity Support Program
- And the On-Reserve Delivery Credit.
- The NDP clearly have no real plan to lower bills. We hope they will at least be supporting ours.

Favourable Quotes

"The changes announced today will provide significant relief, particularly for those who need it the most – our fixed-income, rural and Northern customers and small businesses, Ontario households and small businesses could start to see their bills drop by an average of 31 per cent each month as early as this summer."

- **Mayo Schmidt, CEO, Hydro One, March 2nd, 2017**

"The changes announced by the government today represent significant bill savings for Alectra customers and we are looking forward to implementing these initiatives."

- **Brian Bentz, President and CEO, Alectra, March 2nd, 2017**

"We were pleased to see that the provincial government heard our call and adopted several of our recommendations – specifically to free electricity customers from carrying the burden of social programs, such as the Ontario Electricity Support Program and the Rural or Remote Rate Protection program, on their electricity bill, and moving these costs to the tax base."

- **Electricity Distributors Association, March 2nd, 2017**

"The EDA believes that the measures announced today by the government, together with LDC-delivered conservation programs, are a step in the right direction and should be applied equitably across the province. We encourage the government to continue working collaboratively with utilities to find additional efficiencies that benefit all customers."

- **Teresa Sarkesian, Electricity Distributors Association, March 2nd, 2017**

"We are pleased that today's announcement preserves the integrity of Ontario's electricity market and acknowledges that the investments Ontario has made in generation can continue to provide good value to the electricity system well into the future."

- **David Butters, Association of Power Producers of Ontario, March 2nd, 2017**

"We would like to commend the Minister of Energy, Glenn Thibeault and the provincial government for announcing today that they will lower electricity bills by 25 percent on average this summer for all residential customers. We are pleased that electricity ratepayers will see the positive benefits of this announcement in the near future and for the commitment that rates will not increase beyond the rate of inflation for the next four years."

- **Alan Spacek, President of FONOM and Mayor of Kapuskasing, March 2nd. 2017**

"The Fair Hydro Plan is a positive step forward to bring cost sustainability to Ontario's electricity system. Energy Storage Canada supports this initiative as well as future measures to optimize existing assets and investments in the system."

- **Patricia Phillips, Executive Director of Energy Storage Canada, March 2nd, 2017**

"This is substantial action from the government that will reduce people's energy bills."

- **Giordan Zian, PUC Communication Supervisor (SSM Utility), March 2nd, 2017**

"This shows Kathleen Wynne's government is listening to people. With these positive changes, our rural community will now truly benefit from the low cost power it produces..."

- **Francesca Dobbyn, Executive Director, United Way of Bruce-Grey, March 2nd, 2017**

"These measures, together with the current low-income rate mitigation programs will make a substantial difference in the lives of vulnerable Ontarians."

- **Theresa McClenaghan, Executive Director of the Canadian Environmental Law Association**

**and member of the Low-Income Energy
Network steering committee, March 2nd, 2017**

“The elimination of the delivery charge will assist our citizens by reducing energy poverty in our communities. It also represents recognition for the use of the land in the development and expansion of the provincial energy grid. Today’s commitment by the Ontario government is commendable and allows a path forward for greater quality of life for First Nations in Ontario.”

**- Isadore Day, Ontario Regional Chief, March
2nd, 2017**

“Each one of our community members will benefit from *Ontario’s Fair Hydro Plan*. This is a step towards reconciliation and recognition of our inherent rights as Treaty Holders. I am grateful that Premier Wynne and Minister Thibeault listened to our concerns and took action.”

- Ava Hill, Grand River Chief, March 2nd, 2017

“We acknowledge Premier Wynne and her cabinet for such a bold and humane decision. This demonstrates that the Wynne government is dedicated to reconciliation through meaningful action.”

**- Gord Peters, Grand Chief, Association of
Iroquois and Allied Indians, March 2nd, 2017**

“The best way to reduce energy bills is to help people reduce their energy use. We applaud the \$200 million Affordability Fund to help lower-income households participate in conservation savings programs. This program will help people who can’t finance home energy retrofits on their own do just that. With 18,000MW of renewable power online or contracted, Ontario is a green energy leader. And by closing Ontario’s coal plants, this province reduced emissions from the electricity sector by 80 per cent. The province should be congratulated for that.

- **Keith Brooks, Program Director,
Environmental Defence, March 2nd, 2017**

“The Ontario Energy Association (OEA) commends the Government of Ontario’s new policy to enhance the Ontario Energy Support Program (OESP) program. The OESP program is an income-tested application based program that provides electricity bill reductions for Ontario’s lowest income and most vulnerable households. The increase in the level of assistance, the increase in the income thresholds to allow more households to qualify, and moving the burden of this social cost from electricity ratepayers to the income tax base are all welcome changes.”

- **Ontario Energy Association, March 3rd, 2017**

"I applaud the Wynne Liberal government for the 25% reduction in hydro bills for Ontarians, including the 14,700 members of IUOE local 793 and their families. Every investment in hydro generation and transmission whether it be nuclear, or renewable energy has strengthened the economy of Ontario by creating thousands of jobs. By eliminating coal and transitioning to renewable we have improved our air quality and addressed global warming ahead of most developed countries. The government has our support in both addressing the affordability and at the same time not sacrificing the obvious need to invest in energy generation and transmission."

- **Mike Gallagher, International Union of Operating Engineers Local 793, March 2nd, 2017**

"The thousands of hard working Ontario families represented by the Labourers' International Union of North America support this plan because it brings needed relief to ratepayers and will ensure our energy infrastructure remains capable of meeting current and future demand."

- **Joseph Mancinelli. International Vice President & Regional Manager, Laborers' International Union of North America, March 2nd, 2017**