NOMA Conference
Ministry of Energy – Qs
Draft: April 14, 2017

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Fair Hydro Plan

Q1. There are a number of different pieces to Ontario' Fair Hydro Plan. Can you please explain how these new and existing initiatives will help electricity ratepayers?

Over the last decade the government has rebuilt our transmission and distribution grid, invested in clean generation, and closed the last coal-fired power plant. Prices have increased because our energy system is being transformed – more than $50 billion has been invested to modernize the electricity system.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that would ensure costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan (OFHP) would reduce the electricity bills of residential consumers by 25 per cent on average starting this summer. Increases would also be held to the rate of inflation for the next four years. Small businesses and farms would also benefit. 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. 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.

Ontario's Fair Hydro Plan (OFHP) includes:

- Refinancing the Global Adjustment (GA) over a longer period for Regulated Price Plan (RPP) eligible consumers, including residential consumers and most small businesses and farms.

- Shifting cost recovery for Rural or Remote Rate Protection (RRRP) and Ontario Electricity Support Program (OESP) from electricity bills to the tax base, lowering the regulatory charges paid by ratepayers. Consumers of all sizes would benefit from this change.

- Helping vulnerable electricity consumers by enhancing electricity support programs, including:

    - Broadening RRRP to provide delivery charge relief for the customers of the local distribution companies (LDCs) with the highest delivery charges. We currently support approximately 350,000 Ontarians living in rural or remote areas through RRRP. The enhancement would extend relief to approximately 800,000 households in total.

    - Expanding the OESP, which provides relief directly on the bills of low-income consumers who have applied and meet the eligibility criteria. The expansion would increase OESP credits by 50 per cent and allow more Ontarians to benefit from the program.

    - Establishing a new Affordability Fund, which would provide financial support to lower-income Ontarians who are not eligible for the Home Assistance Program to make home energy efficiency improvements, helping to manage their energy costs.

    - Establishing a Delivery Credit to eliminate delivery charges for all First Nations people living on reserve.

- Expanding the Industrial Conservation Initiative (ICI), which allows large consumers to reduce their electricity bills by up to one-third by reducing their consumption during peak hours. The expansion will allow manufacturers and greenhouses between 500 kW and 1 MW to participate, in addition to the consumers over 1 MW that are already eligible.

- Ontario's Fair Hydro Plan also is committed to reducing system costs by improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

Q2. When will these changes come into effect?

COMMS to insert language on RPP

Pending approval of the legislation and regulation amendments the remaining program changes would enter into effect in Summer 2017.

Q3. How much will these initiatives cost?

To relieve the current burden on consumers, two streams of initiatives are being undertaken.

First, a portion of the GA would be refinanced. Refinancing the Global Adjustment (GA) would provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.

In the early years, a portion of the costs covered by the GA would be financed to reduce pressure on today's electricity consumers. In later years, the cost of financing would be recovered from consumers.

Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first ten years, with annual interest costs not exceeding $1.4 billion.

Second. The province is proposing to introduce and expand existing rate relief programs.

A number of important programs such as the Ontario Electricity Support Program (OESP) and the Rural or Remote Rate Protection (RRRP) Program would now be funded from provincial revenues instead of by electricity consumers. The province is also launching a new Affordability Fund, enhancing the existing OESP and providing on-reserve First Nations with a delivery credit. Combined, these new measures would cost the government up to $2.5 billion over the next three years.

This spring, we will be releasing the 2017 Long-Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Q4. The figure of 25 per cent savings is for a typical residential consumer. How much money will households actually save?

When we looked at how to make the system fairer, we wanted to make sure that these measures will benefit everyone.

Refinancing the Global Adjustment (GA) impacts the electricity line of the bill. So for example, in a typical household connected to Toronto Hydro and consuming 750 kWh per month, the reduction would be 25 per cent in 2017.

The reduction would vary depending on a number of factors, including the level of consumption and the local distribution company a consumer is served by.

Q5. Will people's bills look different?

Our new plan would provide savings through new initiatives that will cut costs directly on your electricity bill.

Most of the components of the plan do not require adjustments to the appearance of residential electricity bills.

We will work with the Ontario Energy Board (OEB) and Local Distribution Companies (LDCs) to ensure necessary changes are made to billing systems to reflect the impact of these initiatives.

LDCs already have experience with the implementation of billing changes like those associated with the OCEB and the Ontario Electricity Support Program (OESP).

Q6. You are characterizing these as structural changes. Does this mean the lower rates are permanent, or will rates rise again?

We have a robust energy supply and are in a good position to improve efficiency, increase transparency, enhance opportunities for innovation and enhance competition to reduce system costs.

This spring, we will release the 2017 Long-Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Any rate increases over the next four years will be held to the rate of inflation for typical residential electricity consumers.

Q7. When you say you are reducing bills by 25 per cent, you are in fact including the 8 per cent rebate already in place. Is 17 per cent enough?

We are introducing the most significant electricity rate relief plan in Ontario's history.

We are restructuring the way the cost of electricity generation is recovered from families, farms and small businesses.

Ontario is proposing to lower electricity bills by 25 per cent for typical residential consumers as part of a significant restructuring of the way costs are recovered in order to spread the costs of generating assets more fairly over time.

And we are doing so by building on measures we have already taken to address electricity costs. This plan would provide substantial rate reductions today and ensure fairness and predictability for tomorrow.

We put in place the 8 per cent rebate on January 1, 2017 and heard clearly that more is needed. That is why we are providing greater relief.

Q8. It appears that this plan will raise prices again in just a few years, aren't we just delaying the inevitable?

Under the plan, rates would begin to increase at a rate higher than inflation after four years but are expected to remain below current forecasts until the mid-2020's.

As part of the Ontario's Fair Hydro Plan (OFHP), the government will aggressively pursue cost reductions through sector efficiencies to mitigate costs over the long term.

Q9. How long are you talking about refinancing for?

Our proposal would spread costs over a 30-year period.

Q10. Won't cheaper electricity undercut your conservation initiatives?

We continue to encourage a culture of conservation in Ontario and will proceed with our aggressive conservation targets.

Q11. Are you doing a complicated global adjustment scheme instead of just cutting rates?

As we invested in renewing our electricity system, we invested in many new generating facilities, most of which operate under 20-year contracts. Through the GA we are covering the costs of those contracts.

To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time

Q12. Is there a legitimate reason to do this other than keeping it off the provincial books?

Ontario is proposing to refinance some of the costs associated with contracted electricity generation facilities. To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.

Ontario Power Generation (OPG) would provide the financing for the proposal. OPG has a great deal of experience managing the risks associated with borrowing through their experience developing capital-intensive generation projects as well as their management of Nuclear Funds.

Q13. What changes are you making to the Global Adjustment (GA)?

We have heard from Ontarians that the costs associated with the GA are putting too much pressure on their electricity bills.

As we invested in renewing our electricity system, we invested in many new generating facilities, most of which operate under 20-year contracts. Through the GA we are covering the costs of those contracts, which means GA has increased in the near term to recover those costs, but we forecast that GA will eventually stabilize and decline in the future.

If passed, proposed legislation would mean that starting this summer, the average residential electricity bill would be 25 per cent lower. Cost impacts are based on a forecast for a household connected to Toronto Hydro that consumes 750 kWh per month. Actual ratepayer savings would vary due to differences in consumption patterns.

If asked for more detail:

The majority of the province's electricity generators are under 20-year contracts. Some of these generators are expected to provide value to the electricity system beyond their contract lives.

There is an opportunity to recognize the long-term benefit of these assets to the electricity system and "bring forward" that benefit for ratepayers today by deferring some of the current costs. GA refinancing would spread these costs over a longer period and provide immediate ratepayer relief.

By recognizing that generation assets are expected to continue to provide benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.

Q14. Will all ratepayers (residential, commercial, industrial) benefit from the changes to the GA? If so, what kind of savings will a typical ratepayer see on their monthly bill?

Electricity consumers that are eligible for the Regulated Price Plan will benefit from the changes we are making to the Global Adjustment charge.

If passed, the proposed legislation would mean a typical residential consumer would see a bill reduction of 25 per cent. Small business and farms would also receive the benefit.

Ontario Fair Hydro Plan (OFHP) Advertising

Q15. How much is the government spending on advertising for this latest round of price mitigation initiatives?

We are committed to improving the public's understanding of the energy system.

It is important that the people of Ontario know about the decisions we are making so that they can effectively participate in making decisions on how they use energy.

Advertising is crucial for raising awareness about government programs and to ensure that all Ontarians are aware of how these programs will impact them.

For the placement of advertising regarding the Fair Hydro Plan to date, the Government has committed approximately $1,100,000.

We continue to assess the need for future public awareness activity.

Q16. Was a competitive competition held to select the advertising agency in charge of the campaign?

The advertising agency chosen to help our government raise awareness on these new initiatives is an approved Vendor of Record, with considerable experience in the energy sector.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Our advertising campaign has been, and will continue to be, reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

Q17. Why is the government spending money on advertising for this plan when it could be putting those funds toward lowering electricity prices?

We are committed to improving the public's understanding of the energy system.

It is important that the people of Ontario know about the decisions we are making so that they can effectively participate in making decisions on how they use energy.

We have been listening to people in all parts of the province and understand that they need us to do more and that's why we are introducing this plan.

The new Rate Relief Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.

Advertising is crucial for raising awareness about government programs and to ensure that all Ontarians are aware of how these programs will impact them.

For the Affordability Fund, targeted outreach is planned, as opposed to broad marketing, to ensure that support is delivered to customers who need it most.

Another resource available to Ontarians is the Ministry of Energy's emPOWERme website, an online resource dedicated to public education about electricity.

Q18. Did the government go through the proper approvals process for this advertising campaign? Was this advertising campaign approved by the Auditor General (AG) and the Advertising Review Board?

We understand the importance of transparency and accountability.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Electricity Costs

Q19. Ontario businesses, especially in the North, have repeatedly expressed concerns over the rising costs of electricity, some have even said they will have to close or leave Ontario. How do you respond to this?

Ontario has a number of measures in place to mitigate industrial electricity prices and help businesses in the north manage the cost of electricity, including the:

- Industrial Conservation Initiative (ICI);
- Northern Industrial Electricity Rate Program (NIERP);
- Industrial Accelerator Program (IAP);
- saveONenergy for Business conservation programs for commercial and industrial consumers; and
- Demand Response Auction.

In addition, the Budget Measures Act 2015 sets a fixed date for removing the Debt Retirement Charge (DRC) for commercial, industrial and other non-residential electricity users on April 1, 2018, nine months earlier than previously estimated.

Our government continues to work with the sector, including agencies and distributors, to find efficiencies and reduce costs to benefit ratepayers.

These measures include:

- **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.
    - We have also expanded ICI to include smaller manufacturers and greenhouses (i.e., NAICs codes commencing “31”, “32”, “33” and “1114”) with average peak demand greater than 500 kW and less than 1 MW. The expansion to 500 kW is effective in July 2017.

- Participants in the **NIERP** receive a rebate of two cents per kilowatt hour. On average, electricity prices can be reduced by up to 20% through the program.

- **IAP** assists eligible industrial, commercial and institutional customers that are directly or indirectly connected to the Independent Electricity System Operator (IESO) transmission grid fast-track capital investment in major energy-efficiency projects. Transmission-connected customers with distribution-connected sites can also elect to have these administered through the IAP.

- The **saveONenergy for Business Conservation Programs** offers a variety of financial incentives to businesses to increase energy efficiency and manage their electricity bills. Incentives are available to a broad range of businesses, including institutional customers such as municipalities, for energy audits, retrofits, process and systems upgrades, and small business lighting.

- Annual Demand Response Auctions are held by IESO for demand response capacity. Successful bidders (including large businesses and industry) receive payments to shift their consumption at times when the electricity system is stressed.

Q20. What measures does Ontario have in place to help low-income energy consumers?

The government recognizes that for low-income Ontarians, paying their electricity bill can be a challenge. To ease this, the Ministry of Energy and the Ontario Energy Board (OEB) have developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

The OESP credit amount qualified customers receive is based on household income and household size.

Monthly credits range from $30 to $50. Customers with unique electricity needs could be eligible for a higher level of assistance.

The Low-Income Energy Assistance Program (LEAP), introduced by the OEB in January 2011, is a comprehensive province-wide strategy designed to help qualifying low-income consumers. The program includes:

- Emergency financial assistance: A one-time grant towards your electricity or natural gas bill if you are temporarily unable to make ends meet in an emergency situation.

- Special rules – Utilities have to follow special rules when dealing with customers with limited finances; for example, waiving security deposits, allowing longer payment times and more.

Other assistance for low-income energy consumers is provided through the Ontario Energy and Property Tax Credit (OEPTC) and Northern Ontario Energy Credit (NOEC).

Q21. Many residential consumers in Northern Ontario are struggling to pay for their hydro bills, in some cases even being disconnected. What is Ontario doing to help mitigate electricity rates to Northern consumers?

Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians.

Prices are increasing because our energy system is being transformed – we are making needed investments to modernize our electricity system.

Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity.

We chose to replace coal-fired generation with cleaner sources of energy, which will not only benefit our environment but also the health of Ontarians.

The government understands the financial pressures that rising rates are putting on some Ontarians, especially in the North, and continues to work hard to help Ontarians manage their electricity costs.

There are unique challenges associated with supplying rural and remote communities with reliable and affordable electricity.

The cost of distributing power to lower-density rural and remote areas (such as Northern Ontario) is much higher than for urban and higher density areas.

To help offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations, the government put in place the Rural or Remote Rate Protection (RRRP) framework.

RRRP provides rate protection for customers living in areas of very low density – including Hydro One's R2 customers, customers of Algoma Power and customers of Hydro One Remote Communities and James Bay First Nation LDCs.

Regional Planning and Siting

Q22. What is the government doing to ensure that regional needs are considered in the province's Long-Term Energy Plan?

Regional planning is the link between provincial and local electricity planning. It overlaps with and supports bulk system planning and distribution level planning. Regional needs and interests identified through the regional planning process form the context within which the Ministry will set overarching and longer term objectives for electricity in the province.

While regional planning has been happening for some time, in 2013 the Ontario Energy Board (OEB) made amendments to the Transmission and Distribution System Codes and the former OPA's license to adopt a formalized process. The process ensures transmitters, distributors and the Independent Electricity System Operator (IESO) work together to identify solutions to regional electricity needs.

The formalized process is complemented by a joint former OPA/IESO report, *Engaging Local Communities in Ontario's Electricity Planning Continuum* that has been implemented by IESO.

The first cycle of planning is underway or complete in all 21 electricity regions in Ontario. Integrated Regional Resource Plans (IRRPs) have been released for twelve sub-regions. Electricity needs in all regions will be reviewed by 2018, and again every 5 years or sooner, if needed.

Q23. In July 2016, Wataynikaneyap Power LP (Watay Power) was selected as the preferred transmitter to implement the line to Pickle Lake and the connections to the remote First Nation communities. It appears that there were competing proposals. Why was Watay Power the successful bidder?

For transmission “connection assets”, it is the end customers that are responsible for building the connection assets, or choosing a transmitter to build them (e.g., a mining company or large industrial customer would be responsible for choosing how to connect themselves to the grid).

In this case, the end customers and beneficiaries of the line to Pickle Lake are the First Nation communities who have expressed an interest in connecting to the grid. First Nation communities that propose to be grid-connected have come forward with a project proposal.

Watay Power is a partnership between 22 First Nations, including 16 diesel-reliant remote communities that would be the eventual customers/beneficiaries of both the line to Pickle Lake and the remote community connections.

The Ontario Energy Board (OEB) oversees the activities of licensed transmitters to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.

Q24. Why was this project not open to a competitive procurement process?

The remote connection project is not a bulk project, and has most direct benefits to the connecting communities, who are partnered with the project proponent. For connection assets, it is the proponent who develops the project.

The Government’s policy objective is connecting remotes in a timely manner to address significant community needs and to reduce GHG emissions. Watay was the only proponent proposing to do this, and a competitive procurement process would almost certainly have added to project delays.

Q25. A new line to Pickle Lake was first identified as a priority in the 2010 LTEP, and then again in 2013. Why are you just doing this now? Why has this taken so long?

Ontario is working diligently towards delivering on its 2013 Long-Term Energy Plan (2013 LTEP) commitment to connect remote First Nation communities in Northwestern Ontario to the electricity grid. The construction of a transmission line to Pickle Lake is one part of a larger undertaking, as this project will enable the connection of remote First Nations communities to Ontario’s electricity grid.

New electricity transmission projects are proponent driven in Ontario and timelines are largely driven by forces outside of the Ministry’s control. These projects generally have a long lead time, taking into account planning, a variety of external approvals required and a thorough consultation process.

Once possible transmission solutions are identified, ENERGY works with various stakeholders to gather input. On this particular project, for example, extensive consultation meetings took place to address concerns and challenges.

All of this due diligence and planning is in Ontario's best interests, ensuring that we proceed in the most timely and cost-effective manner that protects ratepayer interests.

Q26. Twenty-one of Ontario's 25 remote communities have been identified as priority projects in the 2013 LTEP. Sixteen are being connected with this project. How were these communities chosen?

The Independent Electricity System Operator's (IESO) analysis indicated that there is a strong economic case to grid-connect 21 remote First Nation communities. A draft Remote Community Connection Report was issued by IESO in 2014, which contained details of this analysis.

Watay Power currently has 16 of these 21 communities in its partnership. Ontario's priority remains the connection of all 21 remote First Nation communities that are economic to connect, as identified in Ontario's 2013 Long-Term Energy Plan (2013 LTEP).

Q27. Five communities are not being connected. What is the reason for this?

Ontario's priority remains the connection of all 21 remote First Nation communities that are economic to connect, as identified in Ontario's 2013 Long-Term Energy Plan (2013 LTEP).

The proposed Order in Council (OIC) and directive apply to 16 of the 21 connectable and currently diesel-reliant remote communities.

An OIC for the remaining five Matawa communities could be done later, once communities and the Ministry of Energy agree on how they will be connected and there is a tangible connection proposal.

Other funding sources such as the federal government are expected to contribute towards Watay's current project as well as the connection of additional communities.

Q28. What are the costs associated with this project? Will ratepayers be on the hook?

Provincial ratepayers currently subsidize costly diesel generation in remote communities. The Ministry of Energy estimates that the connection of these communities to the grid will result in cost savings over the life of the project.

Ontario continues to work with the federal government on cost sharing arrangements for the project to ensure fair and equitable funding.

Ontario has also made regulatory amendments that will allow for a portion of the costs of the remote connection project to be recovered from provincial ratepayers.

Q29. The government has been criticized for not holding consultations with Indigenous communities about issues which directly affect them. Did consultations take place?

The Ministry of Energy held consultations on the proposed policy supports for the remote connection project in Sioux Lookout, Thunder Bay, Dryden, Toronto and Mishkeegogamang FN in January and February of 2016.

Consultations took place with potentially affected Indigenous communities on actions that could be taken to reduce regulatory barriers and move the project forward in a timely and efficient manner, including identifying a transmitter.

Q30. What are you going to do to reduce diesel use in the four communities that are not economic to connect to the grid?

Reducing diesel-reliance in remote Ontario First Nation communities is a high priority for this government, both to improve social and economic outcomes in communities, and to reduce greenhouse gas emissions.

Ontario is supporting the four communities that are not economic to connect to the grid by providing support for innovative projects that will support health and wellbeing and economic growth by reducing reliance on diesel fuel and enabling stable, predictable sources of power.

Ontario is supporting Whitesand First Nation as they pursue a 3.6 MW biomass generation facility and wood pellet plant. The project will have a number of benefits including local job creation and reduced diesel use leading to reduced greenhouse gas emissions.

In August 2015, the Northern Ontario Heritage Fund Corporation (NOHFC) announced $2.5 million in funding to support Fort Severn in developing, with Canadian Solar, a commercial-scale renewable energy micro-grid that will utilize storage, solar and wind technology.

Ontario is exploring options for supporting Gull Bay and Weenusk as they develop advanced renewable solar powered energy microgrids.

While we undertake this work with our remote First Nation communities, Ontario is also actively working with our provincial and territorial counterparts through the Pan Canadian Taskforce on Reducing Diesel in Remote Communities. We are committed to sharing information and collaboratively exploring solutions for remote communities that depend on diesel fuel for electricity and heating.

Supply Transmission

Q31. Some municipalities have complained that a lack of electricity supply and limitations to the transmission grid are affecting their ability to attract businesses. What are you doing to help ensure that northern Ontario has a reliable electricity supply?

North East

Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity across the province.

Ontario has a robust regional planning framework to identify needs and make recommendations on investments that will maintain the reliability of our electricity system. There are three regions of specific interest to the Northeast: the North/East of Sudbury region, the Sudbury/Algoma region and the North of Moosonee region.

A needs screening assessment, which is the first step in the regional planning process, has been completed for each of these regions. A needs screening assessment is led by the transmitter (Hydro One or, for North of Moosonee, Five Nations Energy) and includes a working group of local distribution companies in the region and the Independent Electricity System Operator (IESO).

Needs screening involves forecasting electricity demand and identifying any investments needed to ensure a reliable supply of electricity over the planning period.

Northwest

The 2013 Long-Term Energy Plan (2013 LTEP) identified several priority transmission projects in the Northwest to ensure reliable and adequate electricity supply and enable growth in the region.

These include the East-West Tie, the Northwest Bulk and the connection of remote First Nation communities including enabling infrastructure.

For example, Ontario recently announced the selection of Wataynikaneyap Power LP (Watay) to connect 16 remote First Nation communities that currently rely on diesel power the provinces electricity grid. Once completed, this line will provide more than 10,000 people living in remote First Nation communities in Northwestern Ontario with a reliable, clean supply of electricity.

The government continues to monitor progress to develop these priority lines and is taking action when appropriate to ensure they move forward to construction.

Q32. Some northern Ontario municipalities are concerned about the reliability of the electricity supply in the region. Are you confident the region will have enough power in the coming years?

Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity across the province.

Ontario has a robust regional planning framework to identify needs and make recommendations on investments that will maintain the reliability of our electricity system. There are three regions of specific interest to the Northeast: the North/East of Sudbury region, the Sudbury/Algoma region and the North of Moosonee region.

A needs screening assessment, which is the first step in the regional planning process, has been completed for each of these regions. A needs screening assessment is led by the transmitter (Hydro One or, for North of Moosonee, Five Nations Energy) and includes a working group of local distribution companies in the region and the Independent Electricity System Operator (IESO). Needs screening involves forecasting electricity demand and identifying any investments needed to ensure a reliable supply of electricity over the planning period.

Details of needs assessments in the Northeast:

For Sudbury/Algoma, the needs assessment report was completed in March 2015 and the working group found that there are no significant system reliability and operating issues identified for this region. Hydro One has subsequently undertaken local planning to evaluate options for voltage regulation needs at the Manitoulin Transformer Station and will address any needs through its own asset management/sustainment planning.

For North/East of Sudbury, a needs assessment report was completed in April 2016 and the working group found that the needs identified for the coming 10 years do not necessitate a coordinated regional approach, and can be addressed between relevant Local Distribution Companies (LDCs) and Hydro One and other parties as required. The report also noted that areas of Timmins, Dymond and Abitibi Canyon have experienced severe weather patterns over the last 5 years causing periodic increases of both momentary and sustained outages which have been highlighted by IESO. While these events have impacted some customers, the region (including the three mentioned above) does not have circuits that would fall below the customer delivery point performance standards for reliability set by the Ontario Energy Board.

The North of Moosonee needs assessment was completed by Five Nations Energy in May 2016. The report found that the system, with planned sustainment work, was adequate and no further coordinated regional planning work was needed. The report did note that in the case of a single line failure from Kashechewan TS to the Attawapiskat TS, the Ontario Resource and Transmission Assessment Criteria (ORTAC) restoration criteria of 8 hours (plus travel time) cannot always be met due to remoteness, lack of all-season road access and the often extreme weather conditions that accompany an unplanned outage.

There will be further opportunity for discussing the needs of the region during the development of the 2017 Long-Term Energy Plan (LTEP). I look forward to receiving Northern communities' feedback on the most pertinent policy issues in your region during the upcoming engagement sessions.

Q33. What is the government doing to ensure mining projects in the area will have access to a reliable source of power?

Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity to residential and industrial customers in the province.

Electricity needs in the North are being driven largely by mining and forestry operations as well as growth in the communities that support them. The Independent Electricity System Operator (IESO) conducts reviews of these needs on the bulk system and through regional plans.

Regional planning activities have been undertaken in all regions in northeastern Ontario and these assessments have confirmed the general adequacy of the system. All identified needs will be addressed independently through the sustainment plans of transmitters/distributors.

Q34. What steps is the Ministry taking to promote the development of the Ring of Fire? How does the status of the mining sector affect development? Will you connect the region to the transmission system?

Our government is committed to smart, sustainable, and collaborative development in the Ring of Fire.

There is the potential for cost savings and synergies if transmission infrastructure is shared between the remote First Nation community connection project and the development of mines in the Ring of Fire.

The opportunities provided by the Ring of Fire also have the potential to become a significant economic driver for northern Ontario, and the Province continues to be committed to successful development of the region.

Disconnections

Q35. With gas prices on the rise, is this government going to ensure that gas utilities follow the same rules as electrical utilities when it comes to disconnecting/reconnecting customers?

On February 22, 2017, *the Protecting Vulnerable Consumers Act, 2017* received Royal Assent. This Act addresses natural gas disconnections.

The *Protecting Vulnerable Consumers Act, 2017*, amended the *Ontario Energy Board Act, 1998* to give the Ontario Energy Board (OEB) the power to make rules and licence conditions respecting the periods during which gas or electricity may not be disconnected from low-volume consumers.

The OEB is reviewing the legislative change and will respond in due course.

Q36. What is the government doing to stop disconnections?

As part of the implementation of *the Protecting Vulnerable Energy Consumers Act, 2017*, the Ontario Energy Board (OEB) has amended all of the licences for the distributors in the province.

Specifically, the amendments require the distributors to:

- Cease disconnections immediately solely on the grounds of non-payment for residential customers until April 30, 2017

- Cease using load limiters solely by reason of non-payment for residential customers until April 30, 2017.

- Reconnect as soon as possible all residential customers that had been disconnected or who have had their service restricted through a load limiting device solely by reason of non-payment and waive all any applicable re-connection charges or charges for removal of the load limiting device

- Report to the OEB their progress on reconnecting and restoring full service to affected customers. The OEB specifically noted that reconnection and restoration of full service should be given a high priority

Q37. How come only half of Ontario's disconnected hydro customers have been reconnected thus far?

The direction issued by the Ontario Energy Board OEB) and supported by this government was that reconnecting and restoring full service to customers would happen on a priority basis. LDCs are reporting to the OEB on a weekly basis their activity in reconnecting and restoring full service to their customers, and we expect the OEB will work with LDCs to complete the reconnections in a timely fashion.

Cap and Trade

Q38. Have energy prices increased with cap and trade?

With the start of cap and trade on January 1, 2017, the Ontario Energy Board's (OEB) approved interim distribution rates for natural gas utilities came into effect.

Natural gas consumers who are not large final emitters had the OEB's interim rates applied to their consumption commencing January 1, 2017. This treatment extends to all most all natural gas-fired electricity generators, and impacts the price at which electricity generators offer their power into the Independent Electricity System Operator's (IESO) administered wholesale electricity market.

Fuels suppliers for products such as gasoline, diesel and propane also reflected the carbon price in the price of their products as of January 1, 2017.

Q39. How will the electricity sector be affected by cap and trade?

Ontario has been taking strong climate-positive actions for years, such as successfully eliminating coal as a source of electricity generation and developing a long-term energy plan that focuses on a safe, clean, reliable and affordable energy future.

The elimination of coal-fired generation represents a 30 Mt reduction in greenhouse gas emissions since 2003. Ontario's electricity sector is now over 90per cent emissions free. As a result of these efforts, Ontario's electricity system is in a strong position as we move forward with implementing the province's cap and trade program.

Under the cap and trade program design, Ontario's natural gas distributors (i.e., Enbridge Gas and Union Gas) are the "point of regulation" for Ontario's natural gas-fired electricity generators and users that are not directly covered under the program (i.e., those emitting less than the 10,000 t CO2 opt-in threshold). This means that natural gas distributors will purchase allowances to cover emissions of natural gas-fired electricity generators and other consumers that are not directly covered under cap and trade.

As a regulated entity, costs incurred by gas distributors to comply with the cap and trade program will be passed on to natural gas consumers. In November 2016, the Ontario Energy Board (OEB) set interim rates, which came into effect on January 1, 2017, related to the cost of cap and trade on natural gas. On April 18, 2017, the OEB commenced an oral hearing to review and set final rates for the first year of the utilities Compliance Plans. The OEB's decision on this matter is expected in summer 2017.

Emissions from electricity generation are subject to a carbon price through the cost of fuel.

Natural gas-fired electricity generators are expected to pass on to consumers the cost of carbon through increased offers into the wholesale electricity market.

Q40. Why has the OEB decided to include the cap and trade charge as part of the delivery charge on the bills of natural gas customers? Isn't this just a tax that is being buried in utility bills?

The Ontario Energy Board (OEB) regulates the natural gas sector in Ontario with a strong mandate to protect the public interest and ensure that consumers receive reliable, cost-effective natural gas service.

The OEB has provided a number of reasons for their decision to include bill charges related to cap and trade in the delivery charge of natural gas bills

The costs of complying with Ontario's cap and trade program are part of the ongoing operations of the natural gas utilities. Ongoing operations costs are included in the delivery line on utility bills.

Cap and trade costs are similar to conservation program costs in that they are borne by all energy consumers. Conservation programs and greenhouse (GHG) emissions reduction programs funded through cap and trade are designed to encourage consumers to reduce their energy/fuel usage. The costs of energy conservation programs are included in the delivery charge of electricity bills, and are not broken out.

The inclusion of cap and trade costs in the delivery line of natural gas bills follows this model.

Research conducted by the OEB shows that consumers want simpler bills and information that help them manage their costs. The research shows that, when reviewing their monthly bills, consumers focus their attention on the amount they consumed and the total bill price; with limited attention to specific line items.

A review of other jurisdictions with cap and trade programs indicates there isn't a standard approach to bill presentment.

Gasoline Prices

Q41. Municipalities in Northern Ontario have complained about the lack of fairness when it comes to gasoline prices. Will the government listen to municipalities and start regulating the price of gasoline?

The Ministry of Energy's mandate is to ensure a reliable and affordable supply of energy to Ontarians.

On November 9, 2016, I asked the Ontario Energy Board (OEB) to review and report on the province's retail transportation fuels market, including gasoline and diesel, to provide more transparency for consumers about how prices are set.

Gasoline prices are an issue for Ontario consumers. I have heard clearly that the province needs to take a thorough look at the matter. I look forward to reviewing the OEB's report on the status of the market in Ontario.

As part of its review, the OEB is expected to begin consultations in the coming months with the public and key stakeholders across the province.

Ensuring businesses and families have reliable information on fuel prices is part of the government's plan to create jobs, grow the economy and help people in their everyday lives.

The review will focus on three main topics:

- The extent and causes of retail gasoline/diesel price variations over time and between regions within Ontario;
- How Ontario compares with pricing and markets in other jurisdictions; and
- The information available to consumers about pricing and price variations.

We will continue to monitor gasoline supply and prices on an ongoing basis.

Long-Term Energy Plan (LTEP)

Q42. How will the 2017 LTEP process differ from the process for the 2013 LTEP? When will the 2017 LTEP be released?

The province's long-term energy planning process is described in the *Energy Statute Law Amendment Act, 2016*. The Act enshrined in legislation a long-term energy planning framework that builds on the robust process used to develop Ontario's 2013 LTEP.

Prior to the start of LTEP engagement, two technical reports were released, which allowed the Ministry and stakeholders to start consultations from a common point of understanding. An electricity technical report was released by the Independent Electricity System Operator (IESO) and a fuels sector technical report was prepared by Navigant Consulting.

The 2017 LTEP will consider other government commitments, including the Climate Change Action Plan (CCAP) and the *Climate Change Mitigation and Low-Carbon Economy Act, 2016*. The LTEP and CCAP are both iterative processes. Each plan will inform the other to ensure alignment of government priorities.

In light of Ontario's emission reduction goals, the LTEP will take a broader view of the province's energy needs and consider how the uses of electricity and fuels influence each other. The Ministry intends for the 2017 LTEP to take a more integrated approach to considering the electricity and fuel sectors compared to previous LTEPs.

Following release of the LTEP, the Minister will issue implementation directives, approved by Cabinet, to IESO and Ontario Energy Board (OEB). Both IESO and OEB will be required to submit implementation plans outlining the programs, policies and procurements they intend to take to meet the goals of the LTEP. These plans will be reviewed and approved by the Minister.

First Nation and Metis

Q43. What is the government doing to support Indigenous participation in Ontario's energy sector? What progress has been made?

The Ministry of Energy is committed to encouraging opportunities for Indigenous communities to play an active role in the energy sector, including generation, conservation and major transmission line projects.

Since 2010, over $8.5 million was committed under the Aboriginal Renewable Energy Fund to help 45 different communities and groups to explore participation in or advance renewable energy projects. The Independent Electricity System Operator (IESO) has consolidated the former Aboriginal Renewable Energy Fund and the Aboriginal Transmission Fund into a new program: the Energy Partnerships Program (EPP).

The EPP is a new streamlined and consolidated program that will continue to provide funding to First Nation and Métis communities for renewable project development as well as for partnership opportunities on priority transmission lines. Applications are now being accepted.

Renewable energy procurements like the standard offer Feed-in-Tariff (FIT) program and competitive Large Renewable Procurement (LRP) process include mechanisms to encourage Indigenous participation in the development process, such as the Aboriginal price adder and participation points to support and encourage partnerships with Indigenous communities.

As a result, First Nation and Métis communities and groups. They are participating in more than 550 different wind, solar and hydroelectric projects across the province. This representing represents over 1,800 MW of clean energy capacity.

This includes over 800 MW of FIT contracted projects and contract offers, and about 1,000 MW in non-FIT generation, which includes projects like Lower Mattagami and the Peter Sutherland Sr. Generating Station, and new contracts under the first phase of the Large Renewable Procurement (LRP I).

As part of the development of the second phase of the LRP, the Independent Electricity System Operator (IESO) is engaging with stakeholders, municipalities and Indigenous communities to ensure that any learnings and opportunities for improvement from LRP I are taken into account for LRP II.

There has also been strong interest in community energy planning and conservation. 89 communities have been approved to develop their own energy plans through the Aboriginal Community Energy Plan program, which represents over half of all First Nations in Ontario. 46 communities participated in the former Aboriginal Conservation Program. New programs for Indigenous communities are being developed by Local Distribution Companies (LDCs) under the Conservation First Framework and Demand Side Management (DSM) Framework.

Over $200 million in guarantees under the Aboriginal Loan Guarantee Program have been approved, which includes six renewable generation projects totalling over 534 MW of clean energy capacity.

The results for these programs and initiatives are unprecedented. Nowhere else in Canada do Indigenous communities have so much opportunity to become economically involved in the energy sector.

In Fall 2016, Ontario will be engaged with First Nation and Métis communities across the province to gather feedback in the development of the next Long-Term Energy Plan.

Natural Gas Expansion

Q44. What is the status of natural gas expansion?

We recognize that natural gas is a key energy source for many Ontario consumers, including those living in rural or remote parts of the province, and is a key fuel for many Ontario industries, including manufacturing and petrochemicals.

As indicated in our 2013 Long-Term Energy Plan (2013 LTEP), we are ready to work with gas distributors and municipalities to support expanded access to natural gas.

We want to ensure that our natural gas programs are as effective and accessible as possible, for as many Ontarians as possible. We are re-examining our approach to these programs to ensure they reflect the Ontario Energy Board's (OEB) new regulatory framework for natural gas expansion that was introduced in November 2016. Our government remains committed to providing funding to help expand natural gas to more communities in Ontario.

On January 30, 2017, the government launched the $100 million Natural Gas Grant Program at the 2017 ROMA conference. It is expected that the program will begin accepting applications for grants in spring 2017.

If asked about details of OEB November 2016 decision:

On November 17, 2016, the OEB issued its decision on natural gas expansion and introduced a new regulatory framework to support further expansion of service into underserved areas of the province. Key details of the OEB's decision include:

- No cross-subsidization of new service offering by existing natural gas consumers. New customers will be expected to pay the cost of expansion through a rate structure that reflects the cost of connection;

- Natural gas utilities can implement a "stand-alone" rate or "surcharge" with respect to community expansion projects that reflect the costs of expansion;

- Natural gas utilities wishing to expand to new communities must provide a long-term commitment (i.e., 10 years) to maintain rate stability with the project proponent bearing the economic risk during that time period; and

- No changes are required to existing Municipal Franchise Agreements (MFAs) and the OEB advises that a municipality can have multiple franchise agreements involving more than one natural gas distributor. In addition, the existence of a MFA does not prevent the OEB from issuing multiple Certificates of Public Convenience and Necessity (Certificates) for the same municipality.

Q45. What is the status of natural gas access in Ontario?

Our government recognizes that sound, prudent long-term energy planning is essential to a clean, reliable and affordable energy future.

Oil and natural gas play an essential role in the daily lives of Ontarians, supplying three-quarters of the province's primary energy use.

There are approximately 3.5 million residential, commercial and industrial natural gas customers in Ontario.

Natural gas is used for space heating and domestic hot water within our homes and businesses, steam and process heat for industry, as well as providing approximately 10% of the electricity generated within Ontario (in 2015).

Q46. What about access to natural gas in rural and northern communities?

We know access to natural gas is an important issue, especially for Ontario's rural and northern communities.

The 2013 Long-Term Energy Plan (2013 LTEP) outlines Ontario's commitment to pursue options to expand natural gas infrastructure to service more communities in rural and northern Ontario.

Natural gas distribution expansion can be expensive and may require large customer contributions to make it viable in more rural and remote communities, which poses a challenge for many communities.

Now that the OEB has issued a decision that provides utilities with greater flexibility in terms of recovering costs of natural gas expansion to rural and remote communities, we would encourage natural gas distribution companies and communities interested in gaining access to natural gas to work together and file an application.

Q47. Can you explain the significance of this recent decision by the Ontario Energy Board (OEB)? Who will pay for the new natural gas lines?

In November 2016, the OEB issued a decision that gives utilities greater flexibility in the recovery of costs of natural gas expansion to rural and remote communities, increasing energy options for residential and commercial consumers.

The OEB's decision establishes an equitable funding process to help natural gas companies expand to rural and remote communities that don't have access to service.

The OEB decision determined that stand alone rates or surcharges that reflect the costs of expansion to isolated areas will be more effective and should be established by the utility.

New customers will pay the cost of expansion through a rate structure that reflects that cost. Expansion costs will not be subsidized by existing natural gas customers.

Energy-East Pipeline

Q48. How is the ministry ensuring Ontario's interests are protected when it comes to pipeline projects?

The government must ensure the province's interests are taken into account.

The Minister of Energy asked the OEB to undertake consultations and complete a report on Energy East. The OEB's report was released in August 2015 and will inform Ontario's participation in the upcoming federal regulatory process for Energy East.

When it comes to pipeline projects that can span thousands of kilometers, across several provinces, such as TransCanada's Energy East proposal, it is vital that all governments take the time to hear from experts, community and municipal leaders, Indigenous communities and groups, business leaders and other impacted groups to ensure that all voices can be heard during the regulatory process.

Additionally, the government will evaluate oil and natural gas energy pipeline projects using the following six principles:

- Pipelines must meet the highest available technical standards for public safety and environmental protection;
- Pipelines must have world leading contingency planning and emergency response programs;
- Proponents and governments must fulfill their duty to consult obligations with Aboriginal communities;
- Local municipalities must be consulted;
- Projects should provide demonstrable economic benefits and opportunities to the people of Ontario, over both the short and long term; and
- Economic and environmental risks and responsibilities, including remediation, should be borne exclusively by the pipeline companies, who must also provide financial assurance demonstrating their capability to respond to leaks and spills.

In November 2014, Ontario and Québec agreed on these as joint principles and added the need to take into account the interests of natural gas consumers and greenhouse gas emissions.

Q49. Does Ontario support TransCanada's proposed Energy East project?

Ontario is committed to ensuring that Energy East is in the best interest of Ontarians, which includes ensuring safety for the people of Ontario, protecting the environment, maintaining the reliability of Ontario's natural gas supply and establishing future benefits for the economy.

Ontario's position on Energy East will be based on a careful evaluation of TransCanada's National Energy Board (NEB) submission.

Ontario has been proactive in its approach to Energy East. In the 2013 Long-Term Energy Plan (2013 LTEP), Ontario set out six principles for how the government evaluates oil and natural gas energy pipeline projects.

In November 2013, the province asked the Ontario Energy Board (OEB) to undertake a province-wide public consultation and review of the Energy East project. The OEB report released August 13, 2015 will inform Ontario's participation in the NEB regulatory proceeding. The report provides advice on ensuring an appropriate balance between the economic and environmental risks of the project and the expected benefits for Ontarians.

In November 2014, Ontario and Québec formed a Working Group to identify common interests and positions concerning the project.

Q50. What is the status of the Energy East application before the NEB?

On September 9, 2017, the panel hearing the Energy East and Eastern Mainline Project applications recused themselves in response to motions brought forward by certain parties that a reasonable apprehension of bias existed. At this point the hearings were adjourned pending the appointment of a replacement panel.

On January 9, 2017, the NEB appointed a three member panel to hear the Energy East and related Eastern Mainline Project applications.

On January 27, 2017, the new NEB Energy East panel issued Ruling No. 1 voiding all decisions of the previous panel and outlined the steps to begin a new hearing process. Within the same Ruling, the new NEB panel requested comments by February 15, 2017, on whether the Energy East and Eastern Mainline applications should be heard via a single hearing. This ruling also voided the issues list and completeness of the application made by the previous panel along with a number of administrative rulings.

On March 29, 2017, the NEB issued Ruling No. 2 confirming that the Energy East and Eastern Mainline applications would be heard together based on a common hearing record but that it would issue two separate reports at the end of the hearing process, each with its set of recommendations.

The ministry will continue to monitor the NEB for future developments in the Energy East proceeding.

Q51. What is the status of the NEB's Modernization review?

On November 8, 2016, the federal Minister of Natural Resources appointed a National Energy Board Modernization Expert Panel to undertake public consultations to modernize the NEB.

The Panel was mandated to visit 10 Canadian cities to hear the views of Canadians as part of its engagement activities. These sessions took place over January-March 2017.

On February 22, 2017, the Ministry of Energy made a submission to the Panel at the public session in Gatineau, Quebec which outlining five key recommendations including:

- Ontario's support for NEB modernization;

- Support for the permanent adoption of the NEB's interim rules;
- Adoption of Ontario's "Pipeline Principles", first identified in 2013 Long-Term Energy Plan (2013 LTEP);
- Increased engagement with provinces and territories; and
- Increased engagement with local and Indigenous communities.

The Ministry also made a formal written submission to the Panel on March 31, 2017, which reiterated these five recommendations and added a sixth recommendation that energy projects be reviewed in the broader economic, policy and regulatory context in which the occur.

The Expert Panel expects to deliver a report for the Minister of Natural Resources by mid-May 2017, with its findings and recommendations on how best to modernize the NEB.