Remarks for Minister of Energy Glenn Thibeault

Lead-off remarks for *Ontario Rebate for Electricity Consumers Act, 2016*

September 21, 2016

INTRO

Thank you, Mr. Speaker.

I rise today to lead off the debate on the proposed *Ontario Rebate for Electricity Consumers Act*, 2016.

I will be splitting my time today with my superb Parliamentary Assistant, the Member from Mississauga-Streetsville.

If passed, the Act we are discussing today would provide electricity rate relief to about five million eligible residential consumers, small businesses and farms across Ontario.

As we begin discussion of this Act, I want to start by setting the context for it: why we are introducing it and what it would achieve.

CONTEXT: Electricity System

Mr. Speaker, when our government came to power in 2003, we committed to providing a safe, clean and reliable energy supply to Ontario homes and families.

This was no simple matter.

We were faced with aging infrastructure, a shortage of supply and a system that relied on expensive imports and dirty coal.

We committed to changing that and, indeed, over the past 13 years, we have been transforming and modernizing our system.

We have left coal behind, the first North American jurisdiction to do so.

The elimination of coal-fired generation has resulted in a 30 megatonne reduction in greenhouse gas emissions since 2003.

That’s like taking up to 7 million cars off Ontario’s roads.

It means a healthier environment and better health for Ontarians.

We replaced coal with a cleaner supply. In 2015, Ontario’s electricity generation was over 90% emissions-free.

Mr. Speaker, Ontario has also renewed its transmission and distribution systems. And we've made them better than they ever were, by developing a "smart grid" that is future-ready.

We are proud of that record.

But, Mr. Speaker, along with our commitments to safe, clean and reliable electricity, we also committed to an affordable supply.

And I want to assure this House that we have not lost sight of that commitment.

CONTEXT: RATE MITIGATION

Now let's take a closer look at electricity prices.

First, I think it's important to note that according to the Financial Accountability Officer, families in Ontario spend less money on electricity on average than in every province except British Columbia.
And total home energy costs are in the middle of the pack when compared to other Canadian provinces.

So our costs are already competitive.

Still, our government recognizes that the investments we have made have led to higher costs for Ontarians.

The “averages” reported on by the FAO and elsewhere only tell part of the story. In truth, there really is no single “average” customer.

A family in the north may heat their home with electricity instead of natural gas, driving up their costs.

Rural customers face higher distribution costs, a reflection of the higher cost of connecting lower density areas to reliable power.

And some families are having a harder time than others making sure all the bills get paid every month.

That’s why we understand that we need action for every kind of customer – rural and urban, north and south.

So we have been taking action to mitigate prices for different customers.

In fact, the Government has used virtually all available public policy levers at our disposal to mitigate rate pressure for customers, before these costs become a part of the system.

Consider these actions that have been taken since 2013 to reduce overall electricity system costs:

- We've renegotiated the Green Energy Investment Agreement, reducing contract costs by $3.7 billion.

- We've deferred the construction of two new nuclear reactors at Ontario Power Generation's Darlington facility, avoiding an estimated $15 billion in new construction costs.

- We've approved Ontario Power Generation's plans to enable the ongoing operation of Pickering up to 2024, which is expected to save ratepayers as much as $600 million.

- We’ve reduced Feed-In-Tariff prices through annual price reviews, saving ratepayers at least $1.9 billion relative to the 2013 Long-Term Energy Plan forecast.

- And we’ve removed an expected $3.3 billion in Large Renewable Procurement costs relative to the 2013 Long-Term Energy Plan forecast, based on the results of the first phase of the LRP.

These efforts have helped to mitigate costs before they reach customers’ bills.

Other programs we’ve introduced have been aimed specifically at helping different groups of customers.

For low-income Ontarians, paying electricity bills can be a particular challenge.

That’s why we developed the Ontario Electricity Support Program (or “OESP”), which provides an ongoing rate reduction directly on the bills of eligible electricity consumers.

The OESP provides between $30 and $50 per month to qualified customers. Households with unique electricity needs can receive an even higher credit, of up to $75.

More than 135,000 people have been signed up for OESP since the program was launched in January.

Beginning this year, the government also removed the Debt Retirement Charge from residential electricity bills.

This saves the average residential electricity ratepayer about $65 per year.

The Low-Income Energy Assistance Program (or "LEAP"), introduced in 2011, is another program designed to help those who need it most.

The program includes one-time grants of emergency financial assistance to customers temporarily unable to make ends meet.

LEAP also includes special rules to protect customers with limited finances.

These protections include waiving security deposits, and allowing tailored payment plans.

And LEAP also offers energy conservation programs to help qualified Ontario homeowners, tenants and social housing providers improve their energy efficiency.

Through enhanced powers from the Province, the Ontario Energy Board has implemented further consumer protection rules.

The rules require that local distribution companies give a minimum 10 days advance notice of disconnection, with accompanying resource to help customers in arrears.

And there's more assistance for low-income consumers provided through the Ontario Energy and Property Tax Credit and Northern Ontario Energy Credit.

The Northern Ontario Energy Credit provides assistance to low- to moderate- income individuals and families living in northern Ontario.

These Ontarians can be exposed to higher energy costs from more severe winters, and from heavier reliance on more expensive home heating fuels.

Under this credit, qualifying individuals receive up to $146 annually and families (including single parents) receive up to $224 annually.

These many programs are part of our plan to ensure electricity is affordable for families across the province.

We know that industrial and business customers are concerned about electricity prices as well.

For industry**,** typical electricity prices are projected to stay steady with inflation over the next decade.

Still, to ensure rates remain affordable, just like homes and families, we have rate mitigation programs in place for industrial and business consumers.

The Northern Industrial Electricity Rate Program is targeted for continued growth and development in the northern resource and manufacturing sector.

The $120 million per year program provides electricity price rebates of up to a 20 per cent reduction for eligible large northern industrial consumers.

Another program, the saveONenergy Business Program, provides a variety of incentives and rebates to industrial consumers.

For smaller businesses, Ontario’s Five-Point Small Business Energy Savings Plan helps to conserve energy, manage costs and save money.

The plan promotes the use of local energy managers, who can perform assessments and help businesses develop and carry out energy-efficiency and conservation.

It also markets business conservation programs, to ensure small business owners have access to information about government programs that help them save.

The Plan is also enhancing business conservation programs with increased rebates, more contractor engagement, training, and a simplified application process to make it easier and faster for small businesses to participate.

And the Plan also works to make on-bill financing available, to help with the upfront costs of energy conservation projects.

And, of course, there is the ICI – the Industrial Conservation Initiative – and I'll have more to say about that in a moment.

But, Mr. Speaker, our government recognizes we still have more to do to ensure an affordable energy system for all Ontarians.

Let's start with Ontario families, farms and small businesses, the bedrock of our province.

We’ve been building a clean, reliable and safe electricity system for ten years.

As we look ahead to having a balanced budget next year, it is our belief that the first beneficiaries should be the families of Ontario.

And so we come to our new legislation, which would benefit ratepayers in a lasting, meaningful way.

The proposed Ontario Rebate for Electricity Consumers Act, 2016 would provide an eight per cent (8%) rebate for 5 million families, farms, and small businesses across the province.

The average savings from this rebate would be about $130 annually or $11 each month.

If passed, the legislation would take effect on January 1, 2017. That’s less than four months from now.

What’s more, Mr. Speaker, the proposed legislation is one part of a comprehensive package of reforms that would provide benefits to all Ontario electricity consumers.

The second part of this package is for rural customers, who often face high electricity distribution costs.

We are updating the Rural or Remote Rate Protection, to provide additional support for approximately 330,000 eligible rural electricity consumers.

Through regulation the government intends to nearly double the funding for the program, resulting in a reduced bill of approximately $45 per month for affected customers, or about a 20% reduction when combined with the proposed rebate.

That is a net benefit for these households of $540 per year – a significant savings.

Now let’s look at business.

Expanding incentives across Ontario creates more opportunity for businesses to be competitive and manage their electricity costs.

That’s why we’re proposing to expand the Industrial Conservation Initiative, or ICI.

The ICI provides a strong incentive for large electricity consumers to shift their electricity consumption to off-peak hours.

Businesses in the program can reduce their bills by as much as one-third.

What's more, when these consumers shift their consumption, they reduce the province's peak demand.

This means the ICI has the added benefit for all Ontarians of deferring the need to build costly new peaking generation.

Last year, the 300 ICI participants collectively reduced Ontario's peak demand by an estimated 1,000 MW.

Up until now, eligibility for the ICI was restricted to consumers with monthly demand exceeding three megawatts.

As part of our comprehensive package, Ontario is proposing to expand the ICI program by lowering that threshold to one megawatt.

This means more than one thousand businesses would be newly eligible for the program.

In addition, sector restrictions would be removed and smaller institutional and commercial businesses would be eligible to participate.

Expanding participation in the ICI program would:

- Reduce electricity bills for new ICI participants, and

- Reduce cost pressures on the whole electricity system by empowering these consumers to shift demand.

For example, consider a plastics manufacturer with a peak demand of 2 MW.

This business would not be eligible for the ICI under current rules.

Under new rules, the business could see its electricity price reduced from $154 per MWh to $102 per MWh.

This would result in energy cost savings of up to $42,000 per month.

These are significant savings, and would make it easier for businesses like this one to invest or expand their operations.

There is one more essential element to the price mitigation package.

In 2016 Ontario passed the Climate Change Mitigation and Low-carbon Economy Act.

Under this legislation, all proceeds from Ontario's cap and trade program will be deposited into a new Greenhouse Gas Reduction Account (GGRA).

In turn, every dollar from this account is to be invested in a transparent way back into green projects that reduce greenhouse gas pollution and help businesses save energy.

The Ministry of Energy is proposing to use these proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers.

This recycling will help to keep rates affordable for these customers.

And so, to recap:

Ontario’s investments are securing a clean supply of electricity, a grid that's ready for the future, and a healthier environment for ourselves and our children.

Along with our commitments to safe, clean and reliable electricity, we are also committed to an affordable supply.

We have used the public policy levers at our disposal to mitigate rate pressure for customers, and we have put price mitigation measures in place.

Now we are taking the next step with legislation that would help families, farms and small businesses by rebating the provincial portion of the HST from their electricity bills.

We’re proposing measures that would provide eligible rural ratepayers with additional relief, which, including the 8% rebate, would be approximately $540 a year.

And we would empower businesses to reduce their bill by up to one-third through the expansion of the Industrial Conservation Initiative.

Taken together with the many programs our Ministry already offers to consumers, the legislation we are introducing forms a comprehensive package.

And it would help ensure electricity is affordable for homes, farms and businesses across Ontario.

I will now share the rest of my time with my superb Parliamentary Assistant, the Member from Mississauga-Streetsville.

Thank you.