Remarks for Minister of Energy Glenn Thibeault
Lead-off remarks for *Ontario Rebate for Electricity Consumers Act, 2016*
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INTRO

Thank you, Mr. Speaker.

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

If passed, this Act 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 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.

Also, Mr. Speaker, Ontario has 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 that total home energy costs are in the middle of the pack when compared to other Canadian provinces.

So we’re not out of line.

Still, our government recognizes that the changes we have made have led to higher costs for Ontario’s residential and business customers.

And here I’d just like to note that it’s hard to talk about how the average customer is affected, because there really is no single “average” customer.

A family here in the north may heat their home with electricity instead of natural gas.

Rural customers are spread out and so it costs more per customer to deliver their 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 they become costs that need to be recovered via Ontario electricity customers.

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.

For low-income Ontarians, paying their electricity bill can be a challenge. To ease this, the Ontario Energy Board has developed the Ontario Electricity Support Program (or "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 of monthly credits of up to $75.More than 135,000 people have been signed up for OESP since the program was launched in January.

The government also removed the Debt Retirement Charge from residential electricity bills after December 31, 2015. This would save a residential electricity ratepayer who consumes 750 kilowatt hours per month about $65 per year.

The Low-Income Energy Assistance Program (or "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 a customer's electricity or natural gas bill if they are temporarily unable to make ends meet in an emergency situation.

LEAP also includes special rules that utilities have to follow when dealing with customers with limited finances; for example, waiving security deposits, allowing longer payment times and more.

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

And there's other 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 who can be exposed to higher energy costs due to more severe winters and heavier reliance on more expensive home heating fuels.

For the 2016 benefit year, qualifying individuals received up to $146 annually and families (including single parents) received up to $224 annually.[1]

Along with residential consumers, we know that industrial and business customers are concerned about electricity prices.

For industry**,** typical electricity prices are projected to increase on average by 2.0 per cent per year from 2016 to 2020, and by 1.6 per cent per year from 2016 to the end of 2032.

So, just like homes and families, we have rate mitigation programs in place for industrial and business consumers.

The Northern Industrial Electricity Rate Program supports continued growth and development in the northern resource and manufacturing sector. The $120 million per year program provides electricity price rebates of 2 cents per kilowatt hour, representing over a 20 per cent reduction (based on current prices) in electricity prices for eligible large northern industrial consumers.

The saveONenergy Business Program provides incentives and rebates to distribution connected industrial consumers.

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[1] 2016-17 Estimates Briefing Book. Section 1.3: An Affordable Energy System.

And Ontario's Five-Point Small Business Energy Savings Plan is helping small businesses 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, and markets business conservation programs, to ensure small business owners have access to the necessary information about government programs to help them save.

It's 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. As well as working to make on-bill financing available, to help with the upfront costs of energy conservation projects.

And, of course, there's 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 need to do more to ensure an affordable energy system for <u>all</u> Ontarians.

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

Now that we've been building a really clean, reliable and safe electricity system, I think it's important to look ahead to having a balanced budget next year, and I think the first beneficiaries of this balanced budget 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 consumers eligible for the Regulated Price Plan.

It would benefit an estimated 5 million families, farms and small businesses, with an average savings of 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 have been especially affected by increasing 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 introduce further funding for the program, which would result in a reduced bill of approximately $45 per month for affected customers when combined with the proposed 8 per cent rebate.

Now let's look at business. Expanding incentives across Ontario would create more opportunity for businesses to be competitive and manage their electricity costs.

Starting with 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 to reduce their bills by about one-third.

When these consumers shift their consumption, they reduce the province's peak demand, which means the ICI has the added benefit of deferring the need to build peaking generation.

Up until now, the ICI eligibility requirements included that consumers needed to have monthly demand exceeding three megawatts (MW). And they have made a difference.

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

As part of our comprehensive package, Ontario is proposing to expand the ICI program, opening it up to more than one thousand newly eligible customers with monthly peak demand greater than one megawatt, down from the 3 MW threshold. 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 who are able to reduce their electricity demand during peak demand periods, and
- Reduce cost pressures on the electricity system by empowering more consumers to lower their electricity demand during peak periods.

The cost impact across sectors and industries will vary. But to give you an example of the predicted impact, a plastics manufacturer with an average peak demand of 2 MW that participates in the ICI program could see its electricity price reduced from $154 per MWh to as low as $102 per MWh. This would result in energy cost savings of up to $42,000 per month.

Finally, to round out 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 would be required to be invested in a transparent way back into green projects that reduce greenhouse gas pollution and businesses save energy.

The Ministry of Energy is proposing to recycle proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers to keep rates affordable.

Under the proposed electricity price mitigation strategy, proceeds from the Greenhouse Gas Reduction Account will be recycled to commercial and industrial consumers.

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 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 dapproximately $540 a year or $45 each month, based on average consumption of 1000kWh per month.

And we would empower businesses to reduce their bill by up to 34 per cent through the expansion of the Industrial Conservation Initiative.

Taken together, the legislation we are introducing along with these other measures, forms a comprehensive package and would help ensure electricity is affordable for homes, farms and businesses across Ontario as well.

Thank you.