Remarks for PA Delaney
Lead-off remarks for *Ontario Rebate for Electricity Consumers Act, 2016*
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Thank you, Mr. Speaker.

On September 15, Premier Wynne visited Vision Extrusions, a three-generation family business in Vaughan. And she made a powerful point in her remarks.

The premier noted that Vision Extrusions is a company that says to its customers, “if you can envision it, we can build it”— in other words, whatever you can imagine, they can build it. And the Premier said, “We took a similar message to the people of the province in 2014. We asked them to envision a stronger, fairer Ontario; a place with more opportunity with cleaner air, better access to education and stronger healthcare.”

And that is the current vision of this government and it’s what we’re building. But the Ministry of Energy started with a bold vision back in 2003 — and that was, a vision of Ontario powered by safe, clean and reliable electricity.

This may not seem like a dramatic vision today, because it’s easy to forget what the electricity system was like back then. But it’s only a little more than a decade, and many of us will remember there were brownouts. There were smog days. And 25% of our power came from coal.

We made a commitment to change all that and we have. Hydro One invested in new infrastructure to renew our transmission and distribution network.

We phased out heavily polluting coal-fired electricity. We converted the last two plants to biomass and advanced biomass in 2014, retaining jobs at Atikokan and Thunder Bay.

We were the first jurisdiction in North America to eliminate coal-fired electricity generation, and that has resulted in a 30 megatonne reduction in greenhouse gas emissions since 2003. And we didn’t just get rid of coal, we brought in legislation to ensure that coal will never be used to produce electricity again.

What’s more, when we eliminated coal we didn’t just simply replace it with imported power from states that rely on coal. We had a vision of a clean energy future, one that we are still building today. We have added approximately 16,000 MW of new and refurbished generation since 2003. And by 2025, Ontario expects to have 20,000 MW of renewable energy online, which would represent about half of Ontario’s 2025 installed capacity.

Already, last year, Ontario's electricity generation was over 90% emissions-free.

That is a remarkable achievement, one that many other provinces, states and countries would like to emulate.

The future global economy will be low carbon, and Ontario will be ready for that future.

PRICE MITIGATION CONTEXT

We recognize that this has come at a cost. Building a clean and reliable electricity grid after decades of neglect have pushed electricity rates up.

And while we are proud of our record of accomplishments, our 2003 vision for our electricity system went beyond a safe, clean and reliable supply. We also committed to helping consumers manage electricity costs.

As the Minister of Energy recently said to this House, we have not lost sight of that commitment.

GREEN – FROM MINISTER'S REMARKS:

So 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. More than 135,000 people have 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 provincewide 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.

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

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.

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.

That 8% is the provincial portion of the HST from the electricity bills — meaning, the province will keep less tax from electricity bills so that people can keep more of their hard-earned money.

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, providing an additional $110 million in support. This represents significant rate relief for approximately 330,000 eligible rural electricity consumers.

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.

When the Premier and Minister Thibeault visited Vision Extrusions they saw first-hand how important the price of electricity is to businesses that are looking to expand or invest. And they saw a company that has benefited from ICI. Vision Extrusions has implemented changes to conserve, and the savings from ICI have been reinvested to grow the business.[2]

Vision is one of about 300 businesses currently benefiting from ICI. And they've made a difference in our province: last year, these businesses 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. Up until now, the ICI eligibility requirements included that consumers needed to have monthly demand exceeding three megawatts (MW). We intend to open ICI 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.

[2] From Premier's remarks

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.

And again, this is part of our commitment to build a competitive, low carbon economy for tomorrow. We are helping businesses today, helping them plan and build for the future economy, to ensure good jobs in a growing economy for families in Ontario.

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, decreasing total electricity bills by an average of $540 a year or $45 each month

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

Ontario's economy is one of Canada's fastest growing. But our economic growth doesn't necessarily help each individual family. What it does mean, as the Premier said, is that our economic growth puts us in a position to help those individual families. We can help make the cost of everyday living more affordable. And we can help put businesses in a better position to grow and to create jobs.

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.

Ontario has also taken action to reduce ratepayer impacts and remove system costs for renewables. I'd like to outline some of the key rate mitigation initiatives to bend the cost curve that have been implemented since 2013:

Renegotiating the Green Energy Investment Agreement (GEIA) with Samsung, reducing contract costs by $3.7 billion. **The revised agreement also included:**

  - Protecting the agreement's job commitments and adding a commitment to solar manufacturing jobs in 2016;
  - Reducing the agreement's total commitment for renewable energy projects from 2,500 megawatts (MW) to 1,369 MW;
  - Requiring Samsung to obtain municipal council support resolutions for new renewable energy projects before moving forward.

- Deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs;

- Maximizing the value of our existing nuclear fleet by starting Bruce refurbishments in 2020, instead of 2016, thus helping to achieve $1.7 billion in savings relative to the 2013 Long-Term Energy Plan (2013 LTEP) forecast and, if feasible, by continuing to operate Pickering up to 2024, which could save ratepayers as much as $600 million.

- Mandating annual reviews of Feed-In Tariff (FIT) prices which have led to a significant reduction in the price we pay for renewables. For instance, since 2009, rooftop solar prices have gone down by as much as 66 per cent and non-rooftop solar prices have gone down by as much as 73 per cent.
- Reducing overall costs associated with the FIT and microFIT programs, as a result of lower prices and reduced procurement capacity relative to the 2013 Long-Term Energy Plan (2013 LTEP) forecast. This represents an approximate reduction of about $0.32 per month on a typical residential electricity bill over the forecast period.

- Moving procurement of future large renewable energy projects to a competitive procurement process, designed to strike a balance between early community engagement and achieving value for ratepayers. Based on the results of the first phase of the Large Renewable Procurement (LRP), it is expected that $3.3 billion in LRP costs will be removed relative to the 2013 LTEP forecast, saving the typical residential electricity consumer an average of $1.67 per month on their electricity bill, or about $20 annually, over the forecast period.

- The LRP I process introduced strong competition between developers of large renewable projects, to drive down price and secure clean, reliable generation for the province.

To help consumers continue to see cost savings and manage electricity prices, we've put a number of programs in place.

I'll start with **the Ontario Electricity Support Program**, also known as OESP, which became effective on January 1 of this year.

For many low-income Ontarians, paying their monthly electricity bill is a challenge. And for those who apply and meet the eligibility requirements, the OESP provides monthly credits that range from $30 to $50. This can be very significant for a low-income family.

And for customers with unique electricity needs, they could be eligible for a higher level of assistance.

We eliminated the **Debt Retirement** Charge for residential customers on January 1, 2016, resulting in savings of about $65 per year for a typical customer who consumes 750 kilowatt hours per month.
And because even more help is needed with the costs of electricity, I'm especially proud of our most recent announcement: introducing the Ontario Rebate for Electricity Consumers Act, which will lower electricity bills for people and businesses across Ontario.

This legislation, if passed, will rebate an amount equal to the provincial portion of the HST directly on electricity bill for millions of families, farms and small businesses — an 8 per cent rebate every month.

We're doing this because we know that families need help with the cost of everyday living. Despite consistent economic growth since the global recession, many families aren't feeling Ontario's resurgence in their everyday lives.

We also recognize that rebuilding and cleaning up Ontario's electricity system has come at a cost. Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation, and we've closed the last dirty coal-fired power plant. But we need to take the next step in ensuring that clean, reliable system is affordable.

We're able to take action now because years of careful management is leading to a balanced budget in 2017-18; and we believe that Ontarians should be the first to benefit from the province's fiscal discipline.

Recognizing this, we are introducing new measures that would take effect January 1, 2017, including:

- Rebating provincial portion of the HST to reduce bills by 8% ($130 annually)

- Cutting electricity bills for the most rural customers by 20% ($540 annually)

- Empowering industrial businesses to reduce bills by up to one third through the Industrial Conservation Initiative

Taken together, this plan represents one of the single largest actions to reduce costs for electricity consumers in the province's history. It will provide needed assistance to consumers of all sizes, and it targets support to those that need it most.

This plan builds on our government's commitment to provide affordable access to energy, including providing support for low-income families, expanding natural gas to more communities, and grid-connecting remote First Nations communities.

And I'd also like to note that Ontario has a number of conservation and energy efficiency programs in place that help manage rising electricity prices through the installation of energy saving measures, or by using energy wisely. These are delivered by electricity utilities through the **saveONenergy residential program**.

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

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.

Ministry estimates based on data from IESO and the US Energy Information Administration suggest that on average, the prices paid by large consumers in northern and southern Ontario are comparable to neighbouring jurisdictions such as New York, Michigan and Pennsylvania. And we now publish a jurisdictional comparison for industrial rates in the Ontario Energy Report.

The National Energy Board forecasts rate increases similar to Ontario in BC, Alberta, Manitoba, Quebec and Saskatchewan. The U.S. Energy Information Administration forecasts similar rate increases in the northeastern US through 2032.

We have developed a number of cost mitigation programs and taken key steps to work with industry to keep electricity costs competitive with other jurisdictions. For example:

The **Industrial Conservation Initiative** (ICI) encourages eligible electricity consumers to shift consumption to off-peak hours to save on costs. By reducing demand during peak hours, current participants save up to one-third on average on their electricity bills.

Currently, eligible ICI participants include those consumers with monthly peak demand exceeding three megawatts (MW), subject to eligibility requirements. Under ICI, these consumers are charged Global Adjustment on the basis of their share of the total system demand during the highest five peak hours of the year. There are now about 300 participating consumers who collectively reduced Ontario's peak demand by an estimated 1,000 MW in 2015.

Ontario is proposing to expand the ICI program to include more than one thousand newly eligible customers with monthly peak demand greater than 1 MW, down from the current threshold of 3 MW. 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 cost pressures on the electricity system by empowering more consumers to lower their electricity demand during peak periods; and
- Reduce electricity bills for new ICI participants who are able to reduce their electricity demand during peak demand periods.

Newly eligible customers would have the opportunity to opt-in to the ICI program.

Since July 2015, the expanded program includes eligible customers with a monthly peak demand greater than 3 megawatts, down from the prior threshold of 5 megawatts whose primary business is manufacturing, mining, refrigerated warehousing, greenhouses and data processing. Through this expansion, eligible consumers who participate in this initiative are able to reduce their electricity costs through reduced demand during peak hours.

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 in electricity prices for eligible large northern industrial consumers.

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

As well as Ontario’s **Five-Point Small Business Energy Savings Plan**, which is helping small businesses conserve energy, manage costs and save money.

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

And marketing 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, as mentioned earlier, providing long-term stable funding for conservation initiatives through the 2015-2020 electricity Conservation First Framework and the Natural Gas Demand Side Management Framework.

We’ve always stood up for consumers and remain committed to putting consumers first.

The bedrock of that protection is the Ontario Energy Board (commonly referred to as the OEB).

The government introduced legislation that enhances the OEB’s powers to continue to protect electricity ratepayers with respect to cost, consumer protection and reliability. These changes provide the OEB with:

- Stronger compliance and enforcement powers by providing the OEB with more flexibility when setting administrative penalties as well as increasing the maximum penalties that can be levied against companies that are not complying with the OEB’s rules and directions

- Enhanced ability to ensure reliability and continuity of service if distribution or transmission companies are unable to fulfil their licence obligations

- Enhanced oversight for ensuring best practices on utility transactions including maintaining distributors’ head offices in Ontario and more stringent threshold for review of change of ownership for distributors or transmitters.

- Stricter oversight of retailers and more protection for consumers who sign energy retail contracts.

The OEB is also planning to move forward with an initiative to ensure effective and transparent consumer representation in OEB processes.

Up to this point I’ve been discussing our initiatives through the lens of two of the previously mentioned five LTEP guiding principles: conservation and cost effectiveness.

At this point I would like to look at clean energy and reliability.

My Ministry is responsible for setting the legislative and policy framework to assure a clean, reliable and affordable energy system for all Ontarians.

The beauty of Ontario's energy system is that we rely on a variety of generation sources, using the right source in the right way at the right time.

The workhorse of our system has been nuclear power, which has been reliable, clean, cost effective and a key contributor to Ontario's technology development and job creation.

As global attention is continually on reducing greenhouse gas emissions and fighting climate change, we are committing to a future built on the foundation of Ontario's single largest source of emissions-free electricity: nuclear.

As we recognize the link between economic prosperity and environmental responsibility, our government is committing to domestic energy, local jobs and investment in one of our most export-ready clean tech industries.

And as our economy continues to expand and grow, and as innovations in electric cars and electrified regional public transit mean we are ever more dependent on the stability of our nuclear energy system, we are committing to a reliable, modern and clean electricity system.