CFIB
CANADIAN FEDERATION OF INDEPENDENT BUSINESS
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VIA EMAIL & MAIL

March 30, 2017

Honourable Glenn Thibeault
Minister of Energy
Hearst Block, 4th Floor
900 Bay Street
Toronto, Ontario
M7A 2E1

Re: Implementation of Ontario government hydro initiatives

Dear Minister Thibeault:

The Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan organization with 109,000 small- and medium-sized member businesses across Canada, including 42,000 in Ontario, representing about 500,000 employees.

On behalf of our Ontario members, we are seeking clarity on how and where on a hydro bill the government's promised savings announced on March 2 will be displayed.

The 8 per cent rebate of the provincial portion of the HST that now appears at the bottom of hydro bills is easy to understand and applies equally to all qualified consumers. However, the more recently-announced relief has been communicated as an additional 17 per cent savings on average, which means that it can't be identified as a simple line item on people's bills, like the HST rebate.

Furthermore, the government's plan is based on refinancing the Global Adjustment, reducing it by approximately $2.5 billion per year. According to the Independent Electricity System Operator (IESO), the Global Adjustment – a charge that does not appear as a separate line item on Regulated Price Plan (RPP) bills – is "embedded within time-of-use (TOU) prices." Based on this information, we ask you the following important questions:

1. **Is it the government's intention to reduce TOU rates to reflect the cuts to the Global Adjustment?**
2. **If not, where will consumers (households, small businesses, and farms) be able to see their promised 17 per cent on average savings on an RPP (time-of-use) bill?**

If it is *not* the government's intention to reduce TOU rates to reflect the Global Adjustment cuts, then the only other option that could provide the promised on average savings would be to reduce the delivery charge. However, as we mentioned earlier in this letter, the IESO says that the Global Adjustment relates to usage, not delivery. This leads us to ask these additional questions:

1. **Is it the government's intention to reduce the delivery charge?**
2. **If so, why was that not mentioned in the announcement?**
3. **And how does the government intend to reduce it, if, as per the IESO, the Global Adjustment only relates to usage?**

Furthermore, for those businesses that are on contracted rate plans – the roughly 10 per cent of CFIB members who *do* see the Global Adjustment charge on their monthly bills – will they not also see a general reduction as a by-product of reduced Global Adjustment costs? If so, why has the government yet to highlight this key fact in its communications? If not, why not, and how will the government modify the Global Adjustment – a cross-system charge – so that the reductions are only reflected in one specific type of billing plan (i.e., RPP/time-of-use bills)?

We first attempted to address these questions to the Ontario Energy Board (OEB) and were told that they currently know as much as we do. They advised us to "contact our local MPP" for further information.

Thank you for your attention to the critical questions raised in this letter. Your definitive responses would provide much-needed clarity to our 42,000 Ontario members and avoid confusion for everyone before your government's new hydro initiatives take effect.

Sincerely,

Original signed by

Julie Kwiecinski
Director of Provincial Affairs

Original signed by

Ryan Mallough
Policy Analyst

cc: Hon. Kathleen Wynne, Premier
Mr. Todd Smith, PC Energy Critic
Mr. Peter Tabuns, NDP Energy Critic