

Follow-Up re. Ontario Fair Hydro Plan.

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Attachments: OFHP - Toronto Hydro Briefing Note.docx (21.1 kB)

Dear Minister,

Following from our conversation at the OEA Breakfast last week, I am writing to highlight two potential issues with implementation of the Fair Hydro Plan which may be of specific interest and concern for you.

These aspects are included within the attached briefing note covering a broader range of implementation concerns, which my team has provided to your Chief of Staff and the Deputy Minister.

1. 25% Bill Reduction: Actual Reductions and Messaging

The Province has been communicating that residential customers will on average save 25% on their electricity bills as a result of the OFHP. As you may be aware, there have been discussions that on-bill messaging be provided to customers that highlights for them the amount or percentage they save on each bill. However, our analysis shows that many customers will receive less than 25% (as low as approximately 16.5%) and some will receive more (in excess of 28%).

Highlighting individual customer savings on bills will show these ranges, and may be perceived as undermining the fairness messaging that is central to the Fair Hydro Plan concept and previous messaging. On-bill messaging will also increase costs for LDCs (and thereby rates for customers) and take months to implement.

We are recommending that the messaging provided to customers be instead executed through a standard bill insert and not through on-bill messaging. This can be implemented faster, will reduce costs to customers, and will avoid highlighting the variability in the actual savings above or below 25% each customer experiences.

2. Ontario Electricity Support Program (OESP): Increased Credit Amounts and Messaging

The Province is proposing to increase the OESP credit amounts for eligible customers. As you may be aware, the increased credit amounts could significantly increase the number of customers whose OESP credit exceeds the total amount of the electricity bill.

Putting some OESP customers, but not others, in a sustained credit position may be perceived as undermining the fairness messaging that is central to the Fair Hydro Plan concept and previous messaging. We are recommending that options be investigated in short order with other sector stakeholders to mitigate this risk.

Please don't hesitate to reach out if you'd like to discuss or if I can be of further assistance.

Best Regards,

Anthony