Media Response for The Star

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Date: Fri, 27 Jan 2017 10:13:38 -0500

Good morning Minister Thibeault,

I know you've got a busy day, but we have a media response for you to review. Rob Ferguson is working on a story on delivery rate variances across the province, and we've drafted responses to his questions, in your voice. If you could review and edit as you see fit, we would appreciate it. We'll need to send this to him by 3pm. Many thanks, and looking forward to seeing you next week.

How did the problem with what the premier has called "disproportionate" delivery charges for electricity get out of hand? I am trying to figure this out in the backdrop of stats from Hydro One that delivery charges have increased 43 per cent in the last 10 years while pure electricity costs were up 101 per cent.

The delivery charge includes the cost of delivering electricity from generating stations across the Province to homes and businesses via the high voltage (transmission) and low voltage (distribution) electricity systems. As Ontarians can remember well, we've gone from a dirty, unreliable system to a clean system we can count on. We recognize that the investments required to upgrade an antiquated system prone to brownouts and blackouts has come at a cost to electricity consumers – and we're focused with fixing this problem.

What are the options for helping ratepayers with delivery costs and how does the OEB's ruling a year or two ago that all delivery charges must become fixed over the next 8 years fit into this picture. I know people are getting hit by the variable charges on volume now, particularly if they use a lot of air con in the summer or have electric heating and have to deal with severe cold weather.

Delivery charges are moving from a variable rate to a fixed rate, which will result in energy intensive consumers, such as those living in remote areas or those who heat with electricity, seeing a reduction in their delivery costs.

It's also important to recognize that ratepayers in rural communities have higher delivery charges than those in denser communities because the electricity distribution network they use is shared between fewer people. To help offset that higher cost, the government put in place the Rural or Remote Rate Protection (RRRP) framework, which provides rate protection for customers in lower density areas. On January 1, 2017, we actually increased funding to that program to provide additional relief. When combined with the 8 per cent Ontario Rebate for Electricity Consumers, eligible rural ratepayers will see their total electricity bills decrease by an average of $540 annually or $45 each month.

Why do delivery charges vary so much? In Toronto, I am at a reader's hydro bill in which 37 per cent of the total goes to delivery charges in a heavily urban area. Meanwhile, a reader in Ameliasburgh, across the bay from Belleville in Prince Edward County in a residential--medium density setup under Hydro One, pays just 29 per cent of his bill on delivery charges.
I know we are under different utliities which set their own delivery fees with OEB approval,

but these variances seem out of whack and I'm trying to make sense of that. Any insight welcome.

There is some variance there for sure, but neither are too far outside the average of 30 to 40% of the total bill. Different LDCs have different costs to distribute electricity, which are representative of their unique situations and the maintenance of their unique grids. For example, Hydro One delivers power across thousands of kilometers to many rural and remote communities and often through difficult terrain. All LDC delivery rates are thoroughly reviewed by the OEB on an annual basis.

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