Ontario

BACKGROUNDER

Ministry of Energy

Enhancing Electricity Support and Conservation Programs

Ontario's Fair Hydro Plan would lower electricity bills by 25 per cent on average for all residential consumers in the province. Small businesses and farms would also benefit from the initiative, with additional relief for people with low incomes and those living in rural communities.

To help Ontario's most vulnerable electricity consumers, the government intends to introduce legislation that would, if passed, enhance the following:

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Broadening Rural or Remote Electricity Rate Protection (RRRP)

- The Rural or Remote Rate Protection (RRRP) provides a rate subsidy to rural and remote residential customers who face higher distribution costs compared to urban areas.
- The RRRP is currently provided to approximately 350,000 rural residential customers in Ontario.
- The Province would expand the RRRP to provide distribution charge relief to additional customers served by LDCs with the highest rates. About 800,000 customers would benefit from the enhanced RRRP program. LDCs benefitting from the expanded RRRP include: Hydro One R2 and R1 customers, Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC. Credit amounts would be set using the lowest cost distribution LDC from the group, as set by the Ontario Energy Board (OEB). For example:
    a) A Hydro One R2 customer consuming 2,500kWh a month would have their distribution cost reduced by about $75
    b) A Hydro One R1 customer consuming 1,000kWh a month would have their distribution cost reduced by about $18
    c) An InnPower customer consuming 1,000kWh a month would have their distribution cost reduced by about $12
- The Province will also move to fund RRRP costs through the tax base, reducing regulatory charges for all Ontario ratepayers. This is projected to cost approximately $500M in the coming fiscal year.

Commented [SY2]: Please fact-check. Will this be off the reg or electricity line

Commented [BB(3]: Instead of breaking out costs line by line for each initiative, should we instead be consistent and use the global figure over 3 years that is in the Premier's statement/NR?

Expanding the Ontario Electricity Support Program (OESP)

- The OESP is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.
- Ontario is increasing the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and the lowest credit for the enhanced scale would increase from $45 to $68 ($816 per year, an increase of $276).
- Ontario is exploring automatic qualification for customers who are enrolled in other provincial low-income social programs.
- The Province is also moving forward in having the OESP funded by provincial revenues, reducing regulatory charges for all Ontario ratepayers. This is projected to cost approximately $185M in the coming fiscal year.

Establishing an Affordability Fund

- The Affordability Fund would assist electricity customers who cannot qualify for low-income conservation programs.
- The Affordability Fund would provide Local Distribution Companies (LDCs) with an additional tool to help customers in need. LDCs would use the Fund to provide support to customers for energy efficiency improvements to help reduce their future electricity bills.
- The Province would work with Hydro One, in consultation with all other LDCs, to establish a Trust to serve as the administrator of the Affordability Fund.
- The Province would pay for the Affordability Fund through provincial revenues. This is projected to cost $200M in the current fiscal year.

Providing a First Nations On-Reserve Delivery Credit

- In 2016, the Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.
- Following the engagement process the OEB recommended:
  - Eliminating the delivery charge for all on-reserve First Nations residential customers and removing the monthly service charge for customers of licensed distributors which charge a bundled rate. The OEB estimates this would provide residential customers an average monthly benefit of $85.
  - Automatically qualifying on-reserve First Nations residential customers (approximately 21,500 customers).
  - Enabling greater information sharing between distributors and Band Councils to identify all on-reserve First Nations customers.
- Government intends to introduce legislation to implement these recommendations.
- The Province is also moving forward in having the First Nations On-Reserve Delivery Credit funded by provincial revenues. This is projected to cost approximately $20M in the coming fiscal year.

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