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Taxpayer Funded Electricity Price Mitigation

($M)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17[1]	2017-18[1]
OCEB	1,033	994	1,006	1,078	860	-	-
OREC	-	-	-	-	-	300	1,200*
Ending DRC[2]	-	-	-	-	85	330	330
NIERP	120	120	115	108	120	120	120
NOEC	23	24	25	24	26	25	25
OEPTC[3]	354	406	418	429	444	450	460
TOTAL	**1,530**	**1,544**	**1,564**	**1,639**	**1,525**	**1,195**	**2,105**

1. 2016-17, 2017-18 based on forecasted numbers of the rebate.
2. 2015-16 estimated for 3 months of reduced DRC revenue* Sourced from November LRC Submission
3. OEPTC amounts in all years based on energy component

OCEB – Ontario Clean Energy Benefit
OREC – Ontario Rebate for Electricity Consumers
DRC – Debt Retirement Charge
NIERP – Northern Ontario Electricity Rate Program
NOEC – Northern Ontario Energy Credit
OEPTC – Ontario Energy and Property Tax Credit

- The table above shows the annual amount of taxpayer funded electricity price mitigation from 2011-12 to 2017-18.
- From 2011-12 to 2015-16 there has been an annual fiscal impact of approximately $1.6 billion due to electricity price mitigation programs.
- In 2016-17, the fiscal impact due to electricity price mitigation programs is estimated at approximately $1.2 billion.
- In 2017-18, due primarily to the start of the Ontario Rebate for Electricity Consumers, the expected fiscal impact due to electricity price mitigation programs is approximately $2.1 billion.

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Background on Taxpayer-funded Electricity Price Mitigation

Program	Annual Fiscal Impacts ($M)	Date	Details
Ontario Clean Energy Benefit (OCEB)	~1,000	Jan 1 2011 to Dec 31, 2015	OCEB provided over four million residential customers, and over 400,000 farm, small business and other small users with a benefit equal to 10 per cent of the total cost of electricity on their bills, including tax. Effective September 1, 2012, electricity consumption eligible for the 10 per cent benefit was capped at the first 3,000 kWh of electricity consumed per month, and provided a full 10 per cent benefit to almost all residential customers and most small retail businesses. OCEB expired December 31, 2015, as planned. OCEB was put in place following the implementation of the Harmonised Sales Tax (HST). Unlike the previous provincial Retail Sales Tax (RST), the HST (and GST) included electricity in the taxable base.
Ending DRC from Residential Bills	~330	Jan 1, 2016 to Mar 31, 2018	The government removed the Debt Retirement Charge (DRC) from residential electricity users' bills as of January 1, 2016. This is saving a typical residential user about $70 each year and meant ending the DRC earlier for these users than otherwise provided for in the *Electricity Act, 1998* .
Ontario Rebate for Electricity Consumers (OREC)	~1,200	Jan 1, 2017 onward	This ongoing program will rebate -- directly on consumers' residential electricity bills -- an amount equal to the provincial portion of the Harmonized Sales Tax (HST).
Northern Industrial Electricity Rate Program	120	March 2010	As announced in 2015 Budget, the government committed to ongoing support for northern industrials with $120 million allocated annually. The Northern Industrial Electricity Rate (NIER) was previously extended in 2012 for an additional three-year term, effective April 1, 2013 and also for a year effective April 1, 2016, with an allocation up to $120 million per year. Qualifying participants receive a rebate of two cents per kilowatt-hour (kWh) up to a maximum of $20 million per year per company. NIER was initially established as a three-year program in Budget 2010, effective April 1, 2010,.
Northern Ontario Energy Credit	~25	Budget 2010	Delivered as part of the Ontario Trillium Benefit, provides individuals living in northern Ontario with a credit of up to $146 per year for the 2016 benefit year, and families up to $224.[1]
Ontario Energy Property Tax Credit	~445	Budget 2010	Delivered as part of the Ontario Trillium Benefit, provides up to $1,008 per year for low-to moderate-income individuals and families, and up to $1,148 for qualifying seniors. [1]

1. Both the energy portion of the Ontario Energy and Property Tax Credit (OEPTC) and NOEC were introduced/enhanced following the introduction of the HST and have a significant annual fiscal cost (totalling about $500 million annually).

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Timeline – Taxpayer-funded Electricity Price Mitigation

Budget 2010: OEPTC, NOEC Proposed as part of the Ontario Trillium Benefit

In the 2011 Budget, the government combined the payments of three existing tax credits — the Ontario Sales Tax Credit, the Ontario Energy and Property Tax Credit, and the Northern Ontario Energy Credit — to create the OTB.
The OTB is paid in monthly instalments throughout the year, which helps people meet their expenses as bills arrive .

Ontario Clean Energy Benefit (Jan 1 2011 to Dec 31 2015)

The OCEB was introduced in the 2010 Ontario Economic Outlook and Fiscal Review to help consumers transition to a cleaner electricity system. As set out in legislation, the OCEB ended on December 31, 2015. The Province has introduced rate mitigation measures to be implemented after December 31, 2015 .

OCEB provided over four million residential customers, and over 400,000 farm, small business and other small users with a benefit equal to 10 per cent of the total cost of electricity on their bills, including tax, for the first 3,000 kilowatt-hours (kWh) of monthly electricity consumption.

Removing DRC from Residential Bills (Jan 1 2016 to Mar 31 2018)

The government removed the DRC from residential electricity users' bills beginning on January 1, 2016. This saves a typical residential user about $70 each year and ends the DRC earlier for these users than otherwise provided for in the Electricity Act, 1998.

Ontario Rebate for Electricity Consumers

As of January 1, 2017, OREC will reduce electricity costs by an amount equal to the provincial portion of the HST for about five million residential consumers, farms and small businesses.

2010 2011 2012 2013 2014 2015 2016 2017

History of Northern Industrial Electricity Price Relief

November 2006
The Ontario government announced the Northern Pulp and Paper Electricity Transition Program (NPPETP), a three-year $140 million, to be effective retroactively to October 1, 2006

Budget 2009
The government announced extension of the NPPETP by one year providing about $58 million with electricity price rebates of 1.8 cents/kWh.

Budget 2010
NIER program announced, with a projected fiscal cost of $150 M per year, to provide electricity price rebates for qualifying large industrial facilities in northern Ontario. An additional $21.8 million allocated for existing NPPETP in 2010-11 to be integrated with NIER.

September 2010
Transition from NPPETP to NIER: pulp and paper mills participating in NPPETP continued to receive the NPPETP rebate of 1.8 cents/kWh until September 30, 2010, with those qualifying for NIER receiving a top-up rebate of 0.2 cents/kWh.

December 2012
The government announced the extension of the NIER for three years, capping the rebates to a maximum of 2011-12 consumptions levels or $20 million, whichever is lower.

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Potential Fiscal Impact to the Electricity Sector

- The electricity sector has a significant impact on the Province's fiscal position; through both the revenue and expense sides of the Province's fiscal position.
  - Electricity Rate mitigation programs funded through the tax base have a direct fiscal impact on the Province's finances.
  - Alternatively, electricity rate mitigation programs funded by the rate base shift costs from one group of ratepayers to another.
- The Province's electricity sector agencies and corporations are each consolidated into the government's financial statements, and directly affect the Province's surplus/deficit position.
  - Ontario Power Generation (OPG) financial results have a dollar-for-dollar impact on the Province.
    - Electricity price mitigation strategies involving OPG would lead to a direct fiscal impact.
  - Hydro One financial results have a direct impact on the Province, based on the Province's proportionate ownership.
    - The Province currently holds about 70 per cent of Hydro One.