Electricity Prices and Disconnections

Key Facts and Achievements

- Our Fair Hydro Plan has reduced costs for all households by an average of 25%, and also for half a million small businesses and farms.

- The FAO confirmed in 2016 that energy costs for average Ontario household are already in the middle of the road compared with other provinces. But we recognized that we needed to do better.

- Industrial electricity rates in Ontario remain competitive with other Canadian and American jurisdictions, with prices in Northern Ontario in particular among the five most affordable jurisdictions on the continent.

Topline

- Our government **modernized an electricity system** that needed to be fixed, to ensure Ontarians have the **power they need, when they need it.**

- We took a **dirty system and made it clean**, by completely **eliminating dirty coal-fired generation** – meaning Ontario will have a cleaner future.

- Now we have taken action to ensure every Ontarian has affordable access to our clean, reliable electricity.

- Beginning in July of last year, the Fair Hydro Plan is reducing bills for every household in the province by an average of 25%. Half a million small businesses and farms are also benefitting.

- Under the Plan, we are holding any increases to the rate of inflation for the next four years.

- Some of those most in need of help, such as those on a low-income or facing especially high delivery costs, have received even more assistance – as much as a 40-50% reduction.

- Our government will continue to prioritize a clean, reliable electricity system which is affordable to all.

FAO Report

- An FAO report in August 2016 confirmed that **the average family in Ontario spends less on electricity than in every other province except British Columbia.**

- And when it comes to total home energy costs, Ontario is in the middle of the pack compared to other provinces.

- Energy prices are increasing across Canada, but **energy costs in Ontario are increasing at a pace consistent with other provinces** and at a slower rate than Quebec and most of Atlantic Canada.

- What's remarkable about these findings is that Ontario has **already done the heavy lifting of modernizing our energy infrastructure** and transitioning off of coal generation.

- While the FAO report adds valuable perspective, our government recognizes **it does not tell the story of every family**. The costs of modernizing our electricity system has put cost pressures on some families.

- That's exactly why we've taken action with the Fair Hydro Plan.

Comparison to other jurisdictions

- We're not the most expensive jurisdiction in North America.

- Ontarians pay lower electricity rates than some other Canadians, including those in Charlottetown, Regina and Halifax, as well as American customers in San Francisco, New York, and Boston.

System Costs

- An important part of lowering bills for families involves the behind-the-scenes work of working to reduce overall electricity system costs. Our efforts include:

  - Renegotiating the Samsung Agreement, saving **$3.7 billion**.
  - Reduced Feed-In-Tariff prices, saving more than **$1.9 billion**.
  - Moving procurement of large renewable energy projects to a competitive Large Renewable Procurement (LRP) process expecting to eliminate **$1.5 billion in system costs** saving the **average Ontario family $20 annually on bills** when compared to 2013 LTEP projections.
  - Suspending the second round of Large Renewable Procurement (LRP2), saving $3.8 billion.
  - Deferring the construction of two new nuclear reactors at Darlington, avoiding **$15 billion in new construction costs,** and amended the Bruce nuclear refurbishment agreement, representing another **nearly $2 billion in cost savings** relative to projections in the 2013 LTEP.
  - **Continued operation of Pickering to 2024,** saving ratepayers over **$600 million.**
  - Introducing dispatching rules for wind generators, saving over **$200 million.**
  - Reducing overall costs associated with the FIT and microFIT programs by about **$800 million**, as a result of lower prices and reduced procurement capacity relative to the 2013 Long-Term Energy Plan (2013 LTEP) forecast.

- These efforts represent significant cost savings for Ontario ratepayers.

OEB Denying Rate Increases (with examples)

- The Ontario Energy Board (OEB) is an independent regulator with a mandate to protect the interests of Ontario ratepayers.

- Rate applications are reviewed by the OEB and they make the final determination on rate applications.

- **The agency has a strong record of reviewing rate applications with the consumer in mind. For example:**

- In 2010 Hydro One asked for a rate increase for distribution, received a 9% reduction for its capital request

- In 2012 Hydro One asked for a rate increase for transmission, received a 3% reduction for its capital request

- When Ontario Power Generation applied for a 6.2% rate increase in 2011, the OEB denied the request and lowered rates by 0.8%.

- In 2014 OPG asked for a rate increase and the OEB approved about half the requested amount

- In 2011 Toronto Hydro made a distribution request to the OEB and received 10.8% less than requested

- **The OEB's mandate is to protect the interests of ratepayers and to set just and reasonable rates, and it will continue to do just that.**

Effect of Conservation on Prices

- Conservation is **good government policy**.
- For every dollar invested in conservation programs, Ontarians have avoided about two dollars in costs to the electricity system.
    - Conservation offsets the need for other investments in Ontario's supply system, resulting in **significant savings over the long-term**.

- More than that, conservation is good for consumers, saving Ontarians on their bills.
  - By conserving energy and investing in energy efficiency, customers can find **savings on their monthly bills**.
- There are many government initiatives designed to help people conserve energy and lower their bills:
  - The **SaveONenergy Heating and Cooling Incentive** offers up to $650 in rebates for an upgrade to an Energy Star certified home system, subsequently saving customers up to $325 per year on heating and cooling costs.
  - Other programs subsidize the cost of home energy audits and retrofits.
- This government will continue to make conservation a policy priority, **helping customers save on their bills while reducing system costs for all over the long-term.**

__**Disconnections**__

- Our government is committed to **ensuring affordable access to our clean, reliable electricity system.**

- That's why we have taken significant action to reduce bills across the province.

- And we are particularly focused on **ensuring that vulnerable customers have the resources to help avoid disconnection**.

- That's why we introduced and passed legislation earlier this year to ban utilities from disconnecting customers during the winter months.

- The OEB is now undergoing a thorough review of disconnection policy, and is expected to develop a new framework designed to provide greater protection to customers.

- Already, through powers from the Province, the Ontario Energy Board has implemented **enhanced consumer protection rules** that all local distribution companies must follow, including:
    - Requiring a **minimum 10 days advance notice of disconnection**, with accompanying resources to help customers with their arrears;
    - And providing all customers with the **option of a payment plan** to meet their monthly bills.

- Customers in emergency situations and facing disconnection are also eligible through the OEB for LEAP – the **Low-Income Energy Assistance Program** – which provides emergency financial support and special, more flexible customer service rules.

- Our government will continue to ensure affordable access to our clean, reliable electricity system.

Price Comparisons

Residential

- Ontario's residential electricity rates **are and will remain competitive** with similar jurisdictions in North America.
- When comparing the cost per kWh, Ontario's rates compare favourably to similarly sized American cities and are also significantly lower than electricity rates in European cities.
- Many of these jurisdictions **still rely on coal** for a significant part of their supply mix. As the **U.S. implements its Clean Power Plan, states relying on coal will see a sharp increase** in prices**.**

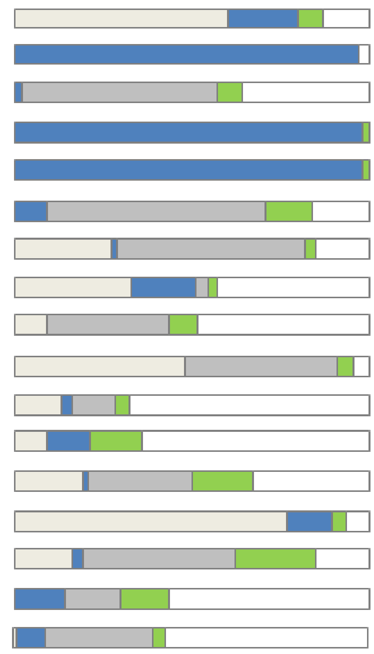
Industrial

- Ontario's industrial rates also compare favourably with other jurisdictions:
    - Industrial rates in Northern Ontario are **among the lowest in Canada and lower than 49 American states.**
    - Industrial rates in Southern Ontario are lower than in Michigan, Wisconsin, New Jersey, California and below the American average.
- And while other jurisdictions are still burning dirty coal for two-thirds of their power, we have achieved competitive rates while undertaking the largest climate change initiative in North America.
- The increase in rates is directly tied to the **massive investments** that we made to modernize a system that the previous government left in a state of utter disrepair.

Residential Electricity Prices, 2015

1,000 kWh/month

	Electricity Price *Canadian ¢/kWh*	Monthly Bill *Canadian $*	Daily Cost *Canadian $*	Coal in Generation Mix *%*	Generation Mix*
Toronto, ON	16.13	161.27	5.38	0	
Vancouver, BC	10.29	102.90	3.43	0	
Calgary, AB	11.66	116.55	3.89	55	
Winnepeg, MB	8.11	81.09	2.70	0	
Montreal, QC	7.19	71.90	2.40	0	
Halifax, NS	16.03	160.30	5.34	62	
Detroit, MI	17.77	177.67	5.92	53	
New York, NY	28.90	289.04	9.63	4	
Houston, TX	12.36	123.60	4.12	35	
Chicago, IL	16.79	167.90	5.60	43	
Boston, MA	30.03	300.33	10.01	12	
San Francisco, CA	27.69	276.90	9.23	0	
England	32.70	326.96	10.90	29	
France	26.48	264.82	8.83	0	
Germany	50.52	505.21	16.84	43	
Italy	39.23	392.31	13.08	16	
Japan	32.39	323.89	10.80	30	



Nuclear Hydro Coal Renewables Natural Gas

N.B.: Monthly bills reflect 1,000 kWh usage; in reality average household consumption varies across jurisdictions. Average monthly usage ranges from 200 kWh/month in Italy to over 1,000 kWh/month in Quebec.

Sources - Prices

Toronto: Ministry of Energy (Apr 1 2015)

Canadian and U.S. cities: Hydro Quebec: *Comparison of Electricity Prices (Apr 1 2015)*

European countries: International Energy Agency: *Key World Energy Statistics (Q1 2015)*

Exchange rate: European prices converted from U.S. dollars at a rate of US$1=C$1.2787 (2015 average)

Sources - Generation mix

Ontario: IESO

Canadian provinces: Alberta Utilities Commission, Quebec Hydro, Manitoba Hydro, BC Hydro, Nova Scotia Power

U.S. states: Energy Information Administration State Electric Profiles

Europe: Energy UK, RTE Bilan Electrique (France), AG Energiebilanzen (Germany), Deloitte (Italy), EIA (Japan)

*Generation mix is shown for the province, state or country, as applicable

Pricing Comparison

2015 Industrial Electricity Prices (Canadian ¢/kWh)

	Jurisdiction	Cost		Jurisdiction	Cost		Jurisdiction	Cost		Jurisdiction	Cost
1	Manitoba	4.67	17	Arkansas	7.49	33	Newfoundland	8.65	49	Nova Scotia	10.02
2	Quebec	5.17	18	Tennessee	7.53	**34**	**U.S. Average**	**8.71**	50	North Dakota	10.75
3	Washington	5.64	19	Alabama	7.58	35	New York	8.72	51	Florida	10.79
4	Alberta	5.87	20	South Carolina	7.68	36	Indiana	8.74	52	Delaware	10.96
5	Ontario - North	6.35	21	Utah	7.70	37	Ohio	8.75	53	Maryland	11.86
6	Oklahoma	6.64	22	Oregon	7.72	38	Wyoming	8.87	54	Maine	12.64
7	Montana	6.68	23	West Virginia	7.80	39	Minnesota	8.89	55	Vermont	13.14
8	Kentucky	6.80	24	Saskatchewan	7.81	40	Prince Edward Island	8.90	56	California	13.85
9	British Columbia	7.04	25	Nevada	7.83	41	Colorado	9.05	57	New Jersey	14.44
10	Iowa	7.06	26	Arizona	8.00	42	Michigan	9.13	58	New Hampshire	17.17
11	Louisiana	7.06	27	Idaho	8.05	43	Virginia	9.23	59	Massachusetts	17.56
12	**Canadian Average**	**7.31**	28	North Carolina	8.09	44	South Dakota	9.31	60	Connecticut	17.58
13	Missouri	7.32	29	New Mexico	8.09	45	Kansas	9.54	61	Alaska	18.85
14	Georgia	7.35	30	Illinois	8.24	46	Nebraska	9.56	62	Rhode Island	19.97
15	Texas	7.37	31	Ontario - South	8.35	47	Pennsylvania	9.59	63	Hawaii	31.10
16	New Brunswick	7.48	32	Mississippi	8.41	48	Wisconsin	9.87			

Note: Estimates may differ from actual costs to a consumer based on location, connection, and operational characteristics. Prices exclude taxes and participation in any applicable jurisdictional benefit programs.

The Ontario industrial price is based on the average all-in price for year-to-date May 2015, and includes the Hourly Ontario Energy Price, Class A Global Adjustment, delivery, wholesale market service charges and the Debt Retirement Charge. The 2 cent per kilowatt hour difference between northern Ontario and southern Ontario reflects the Northern Industrial Electricity Rate Program rebate.

All other Canadian prices (except Ontario) are from the Hydro Quebec Rate Comparison for rates effective April 1, 2015 for select local distribution companies servicing specific cities. Where Hydro Quebec reports prices for two cities in a province (e.g., Calgary and Edmonton), an average of the two is used; in provinces where only one city is reported (e.g., Vancouver in BC, Montreal in QC), that one price is used to represent the province for indicative comparison purposes. In the Hydro Quebec Rate Comparison, a large consumer reflects 5 MW with monthly consumption of 3,060 MWh.

American jurisdictions reflect year-to-date May 2015 data from the US Energy Information Administration's survey of approximately 500 of the largest electric utilities. The price reflects the average revenue reported by the electric utility from electricity sold to the industrial sector. The value represents an estimated average retail price, but does not necessarily reflect the price charged to an individual consumer. Prices are converted at an exchange rate of 1 USD = 1.30 CAD.

Additional Information on Programs

Pre-existing Programs for Families:

- We understand that the investments we made to take a **dirty and unreliable** electricity system and make it **clean and reliable** are putting cost pressures on Ontario families.

- Our latest efforts only add to programs already available. As of January 1st 2016, we enacted for consumers:

    - The removal of the **Debt Retirement Charge**, 2 years earlier than planned – **saving the average family $65 per year** on their hydro bills.

    - And implemented the **Ontario Electricity Support Program (OESP)** for low to modest-income families **saving the average family $430 a year** when combined with the removal of the DRC. Through the Fair Hydro Plan, we have further expanded this program.

- We also have existing programs that help reduce bills for Ontario families:
    - The **Ontario Energy and Property Tax Credit** saves qualifying individuals and families up to $1,008 per year, with a maximum of $1,148 per year for qualifying seniors.

    - The **Low-Income Energy Assistance Program** provides emergency financial support of up to $600 for families and individuals having trouble paying their bills.

    - The **saveONenergy Home Assistance Program** helps income-eligible consumers manage their energy costs by providing home energy efficiency assessments and energy saving measures at no cost.

    - The **Northern Ontario Energy Credit** helps families and individuals in Northern Ontario by providing tax credits for low- to middle-income families and individuals living in northern Ontario. The maximum annual credit for a single person is $146, and for a family (including single parents), is $224.

Programs for Large Industrial Consumers:

Industrial Electricity Incentive (IEI)

- We expanded the IEI program, so **hundreds of newly eligible companies** could qualify for electricity rates among the lowest in North America in exchange for **bringing new investment** into the province.
- The **third stream of the IEI** included fifteen participants across Ontario, including:
  - Aurico Gold Inc.
  - FNX Mining Company Inc.
  - Roeland Plant Farm Inc.
  - Omya Canada Inc.
  - White River Forest Product Ltd.
  - Eacom Timber Corporation
  - St. Andrew Goldfields LTD.
- There are already concrete examples of companies taking advantage of the **IEI (stream 2)** program across Ontario.
  - In **Pembroke, the MDF paperboard plant** is reopening after being accepted in the IEI program – **creating 140 new jobs for the area.**
  - **In Whitby, Atlantic Packaging** is expanding their paper mill and **creating 80 jobs** with the help of IEI program.
  - **Detour Gold** says the program saved them **$20 million last year** while they expand what will be one of the largest gold mines in Canada.

Industrial Conservation Initiative (ICI)

- **Expanding the ICI,** as our government has through the Fair Hydro Plan, helps more of Ontario's **large consumers save on costs** by reducing the amount of electricity they consumer during peak hours.

- **ICI represents an average savings of 20%, and up to one-third.**
- We announced **80 new participants** in our most recent round of ICI, which includes:
    - 6 auto part manufacturers in Guelph.
    - 2 food processing plants in Brampton.
    - 10 assorted manufacturing plants in York Region.
    - A textile plant in Woodstock.
    - A printing plant in Owen Sound.
    - A building products manufacturer in Burlington.
    - Engine parts manufacturers in Mississauga, Stratford, and Ancaster.
    - A consumer products manufacturer in Brockville.
    - Two chemical manufacturing plants in Hamilton.
    - A saw mill just South of Kirkland Lake.

Northern Industrial Electricity Rate Program (NIERP)

- Our 2015 budget committed to make the NIERP program an ongoing program beyond 2016. The NIERP reduces electricity prices for **large Northern industrial consumers by 25%.**

- Consumers who receive NIERP are also eligible for ICI & IEI.

- NIERP helps to make industrial prices in Northern Ontario some of the lowest in North America.

Demand Response (DR)

- DR pays businesses and industry to shift consumption at times when the system is stressed. These payments can **significantly offset energy costs** for participants, as well as benefit the system since **DR is less expensive than peaking generation.**

Industrial Accelerator Program (IAP)

- The IAP is designed to assist eligible transmission-connected companies to **fast track capital investment in major energy conservation projects**. It provides **financial incentives** to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption and to help companies become more competitive.

Programs for Small and Medium-Sized Businesses:

- Half a million small businesses and farms have seen their bills reduced by an average of 25% through our government's Fair Hydro Plan.
- Our budget introduced a new **5-Point Small Business Energy Savings Plan** to be implemented by local utilities.
    - **Giant Tiger** is already saving **$300,000 / year** from their participation in a pilot project.
- Ontario's **Five-Point Business Energy Savings Plan** includes:

1. **Promoting the use of energy managers,** who can perform assessments and help businesses develop and carry out energy conservation projects.
2. **Marketing business programs,** including **incentives for energy audits, retrofits and lighting replacement.**
3. **Enhancing business programs,** with **increased rebates,** more contractor engagement and training and a **simplified application processes.**
4. Working to **make on-bill financing available,** to **help** small businesses **finance** the **upfront costs of energy conservation** projects.
5. **Providing Long-Term Stable Funding** for conservation initiatives**.**

Opposition Research

NDP

- The NDP still don't have a realistic plan for Ontario's energy sector.

- They oppose electricity exports that reduce costs for Ontario customers, and they oppose emission-free and reliable nuclear power, which makes up the backbone of our energy mix.

- The **National Post** said the NDP's energy plan during the last election **"[veered] straight into crazy talk". (March 6, 2014)**

- The Member from Toronto-Danforth has made it clear that he condemns private investment in power generation in Ontario.

- But when the NDP party last formed government, **they signed 9 private power generating contracts** for natural gas plants in a 5 year span, totaling **over 400 MW** of generation.

PC

- I'm not sure what the new PC approach to energy is but the old approach to **just didn't add up.**

- They claimed they wanted to lower rates, but they **confirmed they would spend $15 billion** on building new nuclear **reactors we don't need.**

- They also want to put ratepayers on the hook for up to **$20 billion** in costs for cancelled wind projects.

- Not only would bills go up, but the PCs would shut down a homegrown industry that supports tens of thousands of jobs, and send the message to investors that contracts don't count for much in Ontario.

- When the former leader of the opposition was asked if he could promise lower electricity rates he said: **"The answer is no on that."**