Communications Snapshot: Electricity Price Mitigation

Communications Objectives

- Demonstrate the government's commitment to providing electricity rate relief to all Ontario electricity consumers following the passage of *Ontario Rebate for Electricity Consumers Act, 2016* (ORECA) and the additional proposed rate mitigation measures.

Context

- Since 2010, electricity prices have risen, particularly for households. Price increases are associated with investments to replace coal-fired electricity generation with refurbished nuclear, renewables and natural gas.
- Media outlets from across the province have highlighted the effects of rising electricity prices on residential and business consumers.
- Ontario electricity consumers are divided into three categories based on consumption:
    - **Regulated Price Plan (RPP) consumers**
        - Includes about five (5) million residential consumers, small businesses and farms.
        - RPP consumers pay a blended commodity rate regulated by the Ontario Energy Board (OEB), which is set every six months.
    - **Class B**
        - There are approximately 55,000 non-RPP consumers in the province. These include many small and mid-sized industrial and commercial consumers, and institutional consumers.
        - Their commodity rate is not blended or regulated – customers see separate charges for the Hourly Ontario Energy Price (HOEP) and Global Adjustment (GA). Class B consumers pay GA as a flat rate applied to electricity consumption.
        - Targeted pricing programs are currently not available for Class B consumers.
    - **Class A**
        - There are about 300 Class A consumers in Ontario.
        - Under the Industrial Conservation Initiative (ICI), Class A consumers pay GA based on their electricity consumption during the five highest peak demand hours during the year.
        - On average, Class A electricity consumers pay the lowest commodity price for electricity in the province, in large part the result of their participation in ICI and the Northern Industrial Electricity Rate Program (NIERP) for consumers in the North.
- The Ministry of Energy (ENERGY) and Ministry of Finance (MOF) explored rate mitigation options, including offsetting the provincial portion of the Harmonized Sales Tax (HST).
- On September 15, the Minister of Energy introduced Bill 13, the *Ontario Rebate for Electricity Consumers Act, 2016*, that puts in place an ongoing 8% rebate for residential, small business customers and farms.
- Bill 13 is scheduled to come into force on January 1, 2017 (following Royal Assent).
- The *Ontario Rebate for Electricity Consumers Act, 2016* proposes:
    - **An 8% Rebate**
        - Public pressure is building to remove the HST from electricity bills.
        - An 8% rebate would be equal to the provincial portion of HST and funded by the tax base.
        - The rebate would appear directly on bills. As such, Local Distribution Companies (LDC) and the Independent Electricity System Operator (IESO) would be the primary delivery mechanism for the rebate.
        - An 8% Rebate for Regulated Price Plan consumers.
        - An 8% Rebate for consumers who opt out of the Regulated Price Plan, or who have accounts with electricity retailers.
        - An 8% Rebate for consumers in remote communities serviced by independent power authorities
- Additional measures will also be implemented that will further help curb electricity costs. These include:
    - **Provide relief to eligible rural customers by increasing Rural or Remote Rate Protection (RRRP)**

        - RRRP is a ratepayer-funded subsidy program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations.
        - If approved, the regulatory amendments will provide an additional $116.4 million to provide additional support for approximately 330,000 eligible rural customers.
    - **Expand Industrial Conservation initiative (ICI)**
        - ICI lowers costs for eligible large electricity consumers that reduce consumption during peak periods. ICI consumers may achieve reductions in their electricity rates by up to one-third depending on their peak demand reductions.
        - Under the proposed amendments, the threshold for participation in ICI will be lowered from 3 MW to 1 MW and industrial sector restrictions on participation will be removed.
        - If approved by Cabinet, the ICI regulatory amendments would be in place on January 1, 2017, with newly eligible electricity consumers having the opportunity to avail themselves of reduced electricity rates from July 1, 2017.

Target Audience

- All electricity consumers in Ontario.

Key Messages

- Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.
- Our energy system is being transformed – we are making needed investments to modernize the system and this has resulted in an increase in energy rates for almost all Ontario-based electricity consumers.
- These changes have come at a cost to Ontario's residential, farms, institutional and business consumers.
- Ontario is proposing legislation that provides an 8% Rebate that would take effect on January 1, 2017.

Strategic Approach

The Ministry will:

- Prepare House Statement, news release, backgrounders, key message document, QAs
- Develop materials for MPP echo announcement including template news releases, one page backgrounders on ICI, HST and RRRP
- Create infographics/web sharables that depict the consumer and business benefits for the ICI, HST, RRRP and modified proceeds recycling
- Continue to update QAs and housebook notes to reflect the status and messaging
- Design bill insert for LDC distribution that announces the 8% rebate.

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message
Class B businesses may object that they are not benefiting	Promote the existing saveONenergy for Business programs offered by the IESO and Small Business Energy Plan	We recognize the importance of electricity prices for business. Maintaining competitiveness with respect to energy costs is a top government priority. Existing initiatives for small and medium-sized businesses include the saveONenergy for Business conservation program and the Five-Point Small Business Energy Savings Plan.
Timeline may be too short to allow LDCs to adjust their billing systems for the rebate	Allow LDCs to provide retroactive payments if they can't update their systems by January 1, 2017	Consumers will receive the full amount of rebate to which they are entitled. We've made provisions to allow utilities to provide rebates retroactively.

Opposition parties may say government should reduce costs by eliminating overpriced renewable energy instead of taking money out of the treasury	Emphasize the role of renewable energy in cleaning up the energy system and promoting economic activity	Renewable energy is part of our overall plan for a clean, modern energy system. Ontario has the fastest growing clean tech sector in Canada. In just ten years, Ontario has become a North American leader in the development, use, and manufacturing of clean energy.
Cost of the rebate will stop Ontario from balancing the budget	Emphasize that it will help businesses stay competitive and reduce financial pressure on families	The *Ontario Rebate for Electricity Consumers Act, 2016* would help make everyday life easier for Ontario families, small businesses and farms. The government remains committed to balancing the budget by 2017-18 while continuing to invest in the economy, our people and a healthy, clean and prosperous low-carbon future.
The 8% rebate is not enough to offset the increase in electricity prices and is simply a reduced OCEB	The Ontario Clean Energy Benefit (OCEB) was a five year temporary program that ended, as planned, on December 31, 2015. The OCEB was introduced to help families, farms and small businesses, manage their costs during our transition from coal-fired electricity generation towards a clean, modern and more reliable electricity system. The good news is that Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off coal-fired generation. This means that even though Ontario is already in the middle of the pack for Canadian jurisdictions, Ontarians aren't forecast to see the kind of energy cost increases coal-dependent provinces like Alberta and Saskatchewan are. We understand the price of electricity can still be a particular challenge for those that pay a higher share of their income towards their bill – such as low-income families, seniors on a fixed income, and homeowners that heat with electricity. Recognizing this, we are introducing new measures that would take effect January 1, 2017.	According to the National Energy Board's Energy Futures 2016 publication, residential electricity prices are expected to increase in most Canadian provinces until 2032. In August 2016, Ontario's Financial Accountability Office released a commentary on home energy costs, It showed that that families in Ontario spend less money on electricity on average than in every province, except British Columbia. Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off cheap-but-dirty coal-fired generation. This means that, Ontarians won't see the kind of increases that coal-dependent provinces will down the road.
The government is providing a little relief to all consumers, when they could instead have done more for those that needed it most.	Draw attention to Ontario Electricity Support Program and other initiatives which are targeted at the most vulnerable consumers.	The Ontario Electricity Support Program provides targeted relief to low income consumers. In addition, special programs are available to assist low income consumers with energy conservation and in meeting unpaid bills. As well, the government has put in place the Ontario Trillium Benefit to assist families with low to moderate incomes.
Service providers must seek reimbursement for eligible OCEB claims from customers by a fixed date.	Service providers will be made aware of these dates through direct communications from the Ministry of Energy.	Service providers can continue to be compensated for OCEB provided. However in order to limit liability, claims to the IESO must be submitted by August 1, 2017, which is six months after the last date that consumers can notify service

		providers of unpaid OCEB.

Tactics & Rollout

Launch Event	
Proposed Date and Time	**Location**
September 13, 2016 September 14, 2016 September 16, 2016	See below
Description *(What is the event, who is leading it? If it's a third party event, how does it connect to the announcement?)*	
September 13-Minister of Energy in Sudbury. Location TBC September 14- Provincial Legislature September 16 (onward)-MPP's constituencies October 19 – Legislation passed	
Visual/Photo-op *(Describe the backdrop (e.g., protected greenbelt forest) and describe any planned photo ops (e.g., boarding a new TTC streetcar).*	
TBD	
Speakers & Attendees	
TBD	

	Pre-Launch	Launch	Post-Launch
Regional Rollout Examples: - MPP Template - Speeches - Media event - Op-ed, media pitch - Editorial board meeting		N/A	MPP echo news releases/announcements Backgrounders/Key messages QA Presentations to Ontario Chamber of Commerce
Earned Examples: - News release, etc. - Remarks - Event - Calls/emails to targeted audiences - Multilingual media - Fact sheets - House Statement	N/A	Ministry news release Backgrounders Remarks House statement QAs Targeted media outreach	Local utility communications with their customers

Digital / Social Examples: - Web content - Twitter/Facebook - Keyword / interactive web - Blogger outreach - Videos	N/A	Sharable infographics	Sharable infographics
Paid ***(must include budget)*** Examples: - TV/radio/newspaper - Online banners/ads - Advertorial - Householder/direct mail	N/A	N/A	Develop and coordinate distribution of bill insert for LDCs

Evaluation

- Monitor and track
    - media reactions and editorials
    - incoming correspondence
    - response by opposition MPPs