

OMAFRA Request re: Delivery Rates

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Attachments: BN - Global News Rural Rate Story - 2016-09-14 v3.docx (28.05 kB)

Matt, Dan,

Minister Leal has an event tomorrow morning and OMAFRA has requested a note/QA on yesterday's Global News story about rural devlivery changes (included below for reference).

We have prepared the attached note with key messages and Q&A.

OK to share with OMAFRA?

Kirby

Most rural Ontario hydro customers to see new increases, despite rebate

Global News
Shirlee Engel and Rebecca Lindell
September 13, 2016

Some of Ontario's most hard-hit ratepayers will see new increases on their bills, despite a promised eight per cent rebate on electricity bills announced by the Liberal government this week.

Figures obtained by Global News show some Ontarians living in the lowest density areas out in the country are about to see a huge hit with a change in the way distribution is billed.

By the end of next year Hydro One's urban customers who use the most power will see distribution rates go down as much as 19 per cent, making their bills up to 4 per cent lower. Hydro One is Ontario's largest energy utility.

But customers living in the lowest density rural areas, who use the least amount of power, will be hit hardest, with distribution soaring by as much as 25 per cent. The increase will mean total hydro bills will be up to 11.5 per cent higher by 2017.

"There's a major equity and policy implication that we think needs a political response as well as a regulatory response," said Theresa McClenaghan of the Low-Income Energy Network. "We have to pay attention when we have inequitable impacts of policy decisions happening."

Part the increase is due to a decision by the Ontario Energy Board. The energy regulator is moving from a variable distribution rate to a fixed rate and is phasing out a usage rate. The impact of the new policy depends on how much energy residents use and where they live. It does not include any electricity rate increases between now and then, which are announced in November and May of each year.

The Ontario Energy Board told Global News close to 60 per cent of customers will not see a significant change as a result of the move to fixed rates.

"Residential customers who use a lot of electricity, or those who use very little, will see the most change," said Karen Evans of the Ontario Energy Board. "For example, customers who have cost-intensive electric heat, many of whom are low-income, will benefit from these changes as anyone who uses more electricity than the average will actually see their delivery charge decrease."

Evans added the change is meant to help ensure fair billing for consumers.

Independent energy analyst Tom Adams said this transfer of costs between types of residences is just the latest blow for rural customers who continue to be hit hard by Ontario's energy policies.

"What's gone on here is purely a kind of electoral, political consideration," he said. "The Liberals were

elected by urban voters and rural voters and rural concerns just don't seem to appear on the radar.” The provincial government made no mention of the changes Tuesday. Instead, Premier Kathleen Wynne was out selling the eight per cent electricity rebate it included in its throne speech on Monday. After months of pressure to act on hydro rates, Ontario's Liberal government promised to eliminate the provincial portion of the harmonized sales tax on hydro bills. The rebate goes into effect on Jan. 1, 2017 and will result in an estimated savings of \$130 a year for the average household. Adams said the rebate won't translate into a reduction in costs for consumers given the rate changes, ongoing increases in commodity costs as well as the upcoming implementation of the province's cap and trade system. “The bottom line is rates are going up,” he said.