

Rural or Remote Rate Protection (RRRP) Update

- ENERGY is proposing to amend O.Reg 442/01 to provide an additional \$110 million in rate protection to eligible rural or remote electricity consumers, and consider options to periodically adjust the amount of rate protection available to these consumers going forward.
- RRRP is a rate-based funded program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations all across the Province.
 - Today, RRRP is a \$175-million program. For an average residential customer, the cost of supporting RRRP is roughly \$1 per month.
 - The majority of the program funding (\$125.5 million) is provided to Hydro One's lowest-density customers – classified as R2 customers. There are approximately 329,000 R2 customers. The current program provides a rebate of \$31.50. The proposed update to the program would increase the benefit to \$60/month.
 - RRRP funding supporting R2 customers has been capped at the current level since 2004. As a result, the impact of its assistance has diluted over time as electricity costs have risen.
- An additional \$110 million in program funding would see an increased benefit for eligible rural customers, including the 8% rebate, of \$45/month. This would help bring R2 bills in line with Hydro One R1 (medium density) bills at 1000kWh.
 - This would increase the R2 portion of the RRRP to \$235 million with a monthly impact on an average residential consumer of ~\$0.60.
 - The RRRP could be indexed at inflation or “trued up” on a regular basis to ensure the benefit remains constant.