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\$55/month Delivery Charge Cap: Fiscal and Ratepayer Impacts

- The following table highlights the program costs for the Rural or Remote Rate Protection Program (RRRP) pre- and post-enhancements outlined in the Speech from the Throne for Hydro One R2 customers, as well as estimated program costs for a \$55/month cap on delivery charges for residential customers across the province:

Initiative	Total Cost/Potential Fiscal Impact (\$M) (Items are inclusive of the ones before)
RRRP pre-Speech from the Throne Enhancements	\$127
RRRP post-Speech from the Throne Enhancements	\$242
\$55 Delivery Cap for all residential consumers	\$792* (*assumes the mid-point of the estimated \$470-\$575M in costs)

- The benefits of a \$55/month cap on delivery charges would vary depending on delivery costs in a customer's LDC, as well as a customer's consumption levels. Depending on their LDC, customers of similar consumption profiles and patterns will receive different benefits. The following table outlines how such a program could impact different residential consumers:

\$55 Delivery Line Cap – Example LDC Customer Benefits			
LDC	@500kWh/Month	@1000kWh/Month	@2500kWh/Month
Hydro One R2 (post \$60.50 RRRP)	\$0	\$29.11	\$139.05
Hydro One R1	\$2.04	\$27.42	\$103.54
Toronto Hydro	\$0	\$9.09	\$69.68
Horizon Utilities	\$0	\$0	\$42.63
Greater Sudbury Hydro	\$0	\$0	\$26.28
InnPower	\$0	\$9.01	\$63.26

- Considerations about the potential \$55/month delivery cap include:
 - The total cost/potential fiscal impact figures are based on extrapolations from select LDCs, and may not capture the impact of high-volume outliers;
 - The program would be subject to fiscal risk based on cost escalation and weather;
 - Setting a \$55/month cap across the province could disincent utilities from pursuing cost efficiencies and/or provide an incentive for utilities to invest above and beyond basic system requirements;
 - Once a delivery cap is in place, it may be difficult to transition away from tax base subsidies. Removing the cap would lead to sudden cost increases; and