Implementation Note: Electricity Bill Reductions

Commitment: "Cutting hydro bills by 30% for everyone." Source: Change for the Better, April 2018

Context:

- Electricity prices in Ontario have increased steadily and outpaced the overall rate of inflation. After a period of more significant increases, electricity system costs are forecast to increase roughly in line with inflation from the mid-2020s until 2035.

- Ontario's electricity system costs are recovered through a number of charges that cover the cost of generating electricity, transmitting electricity and maintaining a reliable system. These charges include:
  - Commodity (wholesale market price and Global Adjustment)
  - Delivery (transmission and distribution)
  - Regulatory

- The Global Adjustment (GA) is a mechanism that accounts for the difference between the Hourly Ontario Energy Price and the regulated and contract prices that generators receive and the cost of conservation programs.

Implementation:

Initiative	Requirements
Reduce bills by the amount of the one-time tax benefit provided to Hydro One as Hydro One is transitioned back to public ownership	• Legislative amendments to the *Ontario Energy Board Act, 1998, Electricity Act, 1998* and *Trillium Trust Act, 2014)* to allow the Ontario Energy Board (OEB) to set rates that reverse the tax benefit. Note: OEB has ruled Hydro One can only recover the benefit partially. Further analysis required.
Permanently remove the provincial portion of HST and negotiate the removal of federal portion of HST	• Prepare legislative amendments to Ontario Rebate for Electricity Consumers Act, 2015 to offset the HST (i.e., increase the current 8% rebate to 13%). • Notify federal government of intent to remove HST from bills and enter formal negotiations. Note: How the HST is applied is set out in an agreement between Ontario and the federal government.
Lower Return-on-Equity for LDCs	• The OEB sets return-on-equity levels for regulated entities. • The Ministry can direct OEB policy through legislative amendment (i.e., to the Ontario Energy Board Act, 1998) or use of the LGIC's authority under s. 27 of the OEBA to issue

	• directives concerning general policy to be pursued by the OEB. • The OEB would then apply the new ROE to LDC rate applications
Lower water rental charges paid by OPG through the GRC	• Regulatory changes to O.Reg.124/02 made under the Electricity Act, 1998 would be required to lower water rental charges for OPG facilities or to render them exempt. • Work with OEB to develop a process to lower OPG payment amounts. Note: as OPG's payments amounts effective to December 31, 2021 were recently approved by the OEB, an adjustment to these rates would be required through an OEB process to reflect the lower cost of operating OPG hydroelectric assets.
Eliminate mandatory TOU pricing	• Prepare amendments to regulation under the Ontario Energy Board Act, 1998 (*O. Reg. 95/05)* to provide RPP customers with the option of a flat rate meter. • OEB would determine a new flat rate under the RPP, in accordance with the amended *O. Reg. 95/05* • Direct OEB to amend to its Standard Supply Service Code and RPP Manual • Consider legislative amendments to the OEBA to enable the government to provide for a specific rate to be applied. Note: LDCs will need time to update their billing systems to accommodate the change.
Harmonize delivery rates for rural and seasonal Hydro One customers to match urban Hydro One customers	• Amendment to regulation under the Ontario Energy Board Act, 1998 (O. Reg 198/17) can complete the harmonization of rates between rural/seasonal customers and urban Hydro One customers. • Seek financial approval of increased costs. • Direct Hydro One to implement rate changes.

Note: Timing dependent on Cabinet approvals. Additional time could be required for full implementation depending on OEB processes.