Fair Hydro Plan – Draft Confidential Advice to Minister
Ministry of Energy – Questions and Answers
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Key Messages

- **Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.**
- **We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.**
- **We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly.**
- **The new Fair Hydro Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.**
- **We are taking decisive action to lower electricity bills for households by 25 per cent on average — the single-largest reduction in Ontario's history.**
- **People with low incomes and those living in rural communities would benefit from even greater savings.**
- **The decision to invest in a clean, modern and reliable electricity system was the right one — but the costs of this decision should not be put on today's electricity bills alone.**
- **We are making fixes to the electricity system to distribute those costs more fairly — and giving people significant savings on their bills that will make a real difference.**
- **Ontario's Fair Hydro Plan includes:**
    - **Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, small businesses and farms.**
    - **Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill. Eligible consumers will receive additional funding through assistance programs including:**
        - **Establishing a new Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and who have difficulty paying their electricity bills.**

        - **Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.**
        - **Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.**
        - **Establishing a new On-Reserve First Nations Delivery Rate.**
    - **Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).**
    - **Any rate increases over the next four years will be held to the rate of inflation.**

- **If passed, proposed legislation would mean that starting this summer, the average residential electricity bill would be 25% lower.**

- **We'll do this by changing the way electricity costs are recovered and moving funding for assistance programs off of hydro bills.**

- **This plan is the biggest rate reduction in Ontario's history. It recognizes that the decision to invest in a clean, modern and reliable system was the right one – but that the costs of this decision should not be put on today's electricity bills alone.**

- **Last year, we offered Ontarians much needed relief by introducing a series of measures to help make life more affordable. This includes:**

    - **Introducing the Ontario Electricity Support Program**
    - **Introducing a rebate equal to the provincial portion of the HST to reduce bills by 8% pre-tax**
    - **Additional relief for eligible rural customers, and**
    - **Expanding the Industrial Conservation Initiative so more businesses can take advantage of it.**

Questions and Answers

Q1. There are a number of different pieces to your Fair Hydro Plan. Can you please explain how these new and existing initiatives will help electricity ratepayers?

We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan includes:

- Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, small businesses and farms.
- Helping vulnerable electricity consumers by enhancing electricity support programs and shifting costs off the electricity bill. Eligible consumers will receive additional funding through assistance programs including:
  - Establishing a new Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and who have difficulty paying their electricity bills.
  - Broadening Rural or Remote Rate Protection (RRRP) to provide distribution charge relief for the customers of the local distribution companies (LDC's) with the highest distribution charges.
  - Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.
  - Establishing a new On-Reserve First Nations Delivery Rate.
- Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- Any rate increases over the next four years will be held to the rate of inflation.

Q2. How much will all these initiatives cost Ontarians?

We've been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly.

The impact of innovative energy technologies will continue to help us reduce costs in the future. This is allowing us to introduce and expand existing rate relief programs that will reduce bills now.

If asked for a specific figure or estimate on the cost of these new initiatives:

This Fair Hydro plan includes changing some funding sources and recovering other costs over a longer time period. Additionally these new measures will cost the government up to $2.5 billion over the next three years.

Q3. Has the government already factored in the costs of these programs in its Budget planning process? How will this affect the province's bottom line?

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.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

Q4. Will Local Distribution Companies (LDCs) be changing how they present their bills to customers to reflect these new measures? Who will be covering the costs of implementing the necessary changes? Will Local Distribution Companies be able to handle all the changes?

Most of the components of our Fair Hydro Plan do not require adjustments to the residential bill. We will work with the Ontario Energy Board and Local Distribution Companies (LDCs) to ensure those adjustments that are necessary are made to LDC billing systems.

LDCs already have experience with the implementation of billing changes like those associated with the OCEB and the Ontario Electricity Support Program (OESP).

Q5. There is criticism that even with these new measures, electricity bills are still too high in Ontario. Is the government considering any additional rate mitigation measures to be announced in the Budget or the next Long-Term Energy Plan?

We've been making the important investments in cleaner and more reliable energy, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that will ensure costs are shared more evenly over the years ahead.

We have a robust energy supply and are in a good position for market innovation.

An adaptive energy market has the power to improve efficiency, increase transparency, enhance opportunities for innovation and enhance competitive tension to reduce system costs.

This spring, we will be releasing the 2017 Long Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Q6. Why aren't you targeting relief to those who need it most instead of providing breaks to everyone?

We understand rising electricity costs are a concern for all Ontarians and appreciate that low-income Ontarians feel it even more.

We currently offer both the Ontario Electricity Support Program and the Rural and Remote Rate Protection, which offer significant on-bill benefits to eligible households. As part of our Fair Hydro Plan, these programs are being enhanced to ensure vulnerable consumers receive additional support.

We recognize that these programs have social value and benefit vulnerable people across Ontario.

So we are shifting these programs from being paid for through electricity bills to being paid for through government funding.

This will reduce bills for everyone, and ensure these programs continue to serve those in need.

LDCs have been partners in delivering electricity services and conservation programs to Ontarians for more than ten years.

For those most in need, low-income programs like the Home Assistance Program provide energy efficiency upgrades in homes at no cost to help customers reduce future electricity bills and avoid future disconnections.

We recognize that there are other electricity customers who are in need, but who do not qualify as low-income, and are addressing this through the Fair Hydro Plan.

GLOBAL ADJUSTMENT

Q7. What is the Global Adjustment (GA)?

The Global Adjustment (GA) accounts for the fixed costs of running Ontario's generation fleet, as well as the cost of conservation programs.

The GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available.

Q8. What changes are you making to the GA?

We have heard from Ontarians that the costs associated with the GA are putting too much pressure on their electricity bills.

As we invested in renewing our electricity system, we invested in many new generating facilities, most of which operate under 20-year contracts. Through the GA we are covering the costs of those contracts, which means prices have increased in the near term to recover those costs, while eventually stabilizing and declining in the future.

If passed, proposed legislation would mean that starting this summer, the average residential electricity bill would be 25% lower. Cost impacts are based on a forecast for a household connected to Toronto Hydro that consumes 750 kWh per month. Actual ratepayer savings would vary due to differences in consumption patterns.

If asked for more detail:

The majority of the province's electricity generators are under 20-year contracts. Some of these generators will continue to provide value to the electricity system beyond their contract lives.

There is an opportunity to recognize the long-term benefit of these assets to the electricity system and "bring forward" that benefit for ratepayers today by deferring some of the current costs. GA refinancing would spread these costs over a longer period and provide immediate ratepayer relief.

By recognizing that generation assets are expected to continue to provide residual benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.

Q9. Will all ratepayers (residential, commercial, industrial) benefit from the changes to the GA? If so, what kind of savings will a typical ratepayer see on their monthly bill?

Electricity consumers that are eligible for the Regulated Price Plan will benefit from the changes we are making to the Global Adjustment charge.

If passed, the proposed legislation would mean a typical residential, small business or farm would see a bill reduction of 25%.

Q10. How many years will ratepayers be paying back the GA debt that will be accumulated due to refinancing the GA? Can you give any guarantees as to how long and how much ratepayers will be paying in the future?

Our Fair Hydro Plan is a significant restructuring of the electricity sector and the biggest rate reduction in Ontario's history.

It recognizes that the decision to invest in a clean, modern and reliable was the right one – but that the costs of this decision should not be put on today's electricity bills alone.

If passed, the proposed legislation would mean refinancing the GA would spread costs over a longer period while providing immediate ratepayer relief.

Q11. Residential customers just stopped paying the Debt Retirement Charge and business and industrial customers are still paying it until 2018. Why are you now adding on more debt to ratepayers?

Refinancing the GA would spread costs over a longer period and provide immediate ratepayer relief (i.e., similar to re-financing a mortgage).

By recognizing that generation assets are expected to continue to provide residual benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.

Q12. Can you please justify the long-term implications of your GA financing measure?

We recognize that the important investments we've made in rebuilding our generating capacity are putting too much pressure on people across Ontario.

We've heard from families and businesses that the cost of these investments have grown too quickly.

Our plan is putting a forward a plan that will ensure these costs are share more evenly through the years ahead.

Q13. How will the changes to the GA impact its relationship with the Hourly Ontario Electricity Price (HOEP)? Are there impacts that could affect pricing for certain customers?

The function of the wholesale electricity market will not change and the Hourly Ontario Electricity Price will continue to be set as normal.

Q14. How will the debt from GA financing be paid back? What accountability will be in place to ensure it is managed with the proper accountability and transparency?

Leveraging the expertise of both companies, the government intends to introduce legislation that enable the IESO and Ontario Power Generation (OPG) to work together to finance the global adjustment over a longer period of time.

Q15. Why was OPG chosen as the entity responsible for the GA financing?

OPG has the necessary expertise to assist with refinancing the GA.

OPG currently manages an $18 billion nuclear fund and can use its infrastructure and expertise in this field to help administer the GA financing.

As an entity regulated by the OEB, OPG also has extensive experience with regulatory deferral and variance accounts.

Q16. Who will be responsible for the accumulated debt of GA financing? The ratepayers or the taxpayers? Will it contribute to the province's debt?

The government is dedicated to reducing electricity costs wherever possible, while maintaining reliability for all consumers.

The proposed initiatives would deliver significant on-bill savings for eligible electricity consumers.

With this proposed Fair Hydro Plan and as a result of the government's prudent fiscal management, the Ontario government remains committed to balancing the budget by 2017-18, recognizing that balance provides the foundation for the long-term well-being and prosperity of Ontarians

Q17. How are you making these changes to the GA? Are they a result of legislative changes? Regulatory changes?

To assist in the implementation of the GA refinancing initiatives, amendments will need to be made to the *Electricity Act, 1998* (EA) and the *Ontario Energy Board Act, 1998* (OEBA).

Any changes would be made following the appropriate legislative and regulatory procedures and approvals.

ELECTRICITY SUPPORT AND CONSERVATION PROGRAMS: OESP, RRRP, Affordability Fund, On-Reserve First Nations Rate

Q18. The new Fair Hydro Plan will also bring savings to Ontario consumers through electricity support programs. What are these programs and who will benefit?

We understand the rising costs are a concern, which is why we are bringing in savings now through new initiatives that will cut costs directly on your energy bill.

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

Ontario will help the most vulnerable by enhancing electricity support programs and shifting cost off the electricity bill

Eligible consumers will receive additional funding through assistance and conservation programs including:

- Establishing a new Affordability Fund which will support Ontarians who are not eligible for the Home Assistance Program and struggle to pay their electricity bill.
- Broadening Rural or Remote Electricity Rate Protection (RRRP) to provide Delivery Charge Relief for the customers of the local distribution companies (LDC's) with the highest delivery charges.
- Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.
- Establishing a new On-Reserve First Nations Delivery Rate.

Q19. Does this additional funding mean the government will not meet its commitments as set out in the Budget?

Ontario is committed to keeping electricity in Ontario clean, reliable and affordable and is building on the government's plan to grow the economy, create jobs and balance the budget.

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.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

Further details on our fiscal plan will be provided in the upcoming 2017 Budget.

Q20. Can you provide more details about each of these existing programs? What is the Ontario Electricity Support Program (OESP)? Who is currently eligible to receive the OESP and how much does the average household receive?

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income.

For many low-income Ontarians, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

That is why the OEB developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

OESP monthly credits range from $30 to $50. A household receiving the lowest OESP credit would receive $360 per year off their bills, or $425 per year when combined with the removal of the Debt Retirement Charge (DRC).

Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nation, Inuit, and Métis customers are eligible for an enhanced amount, which ranges from $45 to $75 per monthly bill.

Q21. How is the Ontario Electricity Support Program (OESP) currently funded? How will that change? And why are you now shifting the cost to government funding?

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

Programs designed to support customers that are most vulnerable to increasing electricity costs will shift from the hydro bill to government funding, recognizing they are for the common good. This includes the Ontario Electricity Support Program (OESP) and Rural and Remote Rate Protection (RRRP).

The new Affordability Fund and the On-Reserve First Nation Delivery Rate will also be delivered using government funding. This ensures that initiatives designed to provide a social good will be better aligned with the government's poverty reduction goals.

Q22. How much more will the monthly on-bill credit be as a result of today's announcement?

OESP program benefits will increase across the board by 50%.

If the change is approved, single low income consumers eligible for the lowest credit amount will receive $45 per month, an increase from the current $30 , or an increase of $180 per year. For the enhanced credit, the lowest credit amount would increase from $45 to $68, or an annual increase of $276.

Q23. Where will this money come from? How is this different from the current OESP funding model?

The OESP is a rate relief program that supports low-income customers through a per kilowatt-hour charge on every customer's electricity bills. This charge is part of the delivery charge on the bill.

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income. For many low-income Ontarians, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

Today's announcement means that greater focus and support can be placed on lower income Ontarians by enhancing the OESP through government funding, including a 50% increase in OESP credit amounts across the board.

This change will reduce costs for all consumers as a result of eliminating the OESP charge:

- Average residential customer savings: $0.83/month; and
- Average industrial customer savings: $1.10/MWh.

Q24. How will enhancing the OESP through government funding reduce costs?

Moving the OESP from the electricity bill to government funding will provide immediate cost reduction for Ontario customers.

Enhancing the program will provide greater relief to the most vulnerable families in Ontario, and ensure the program reaches as many eligible customers as possible. This will help to manage costs for customers.

This change ensures that initiatives designed to provide a social good will be better aligned with the government's poverty reduction goals.

Q25. When will I see the additional credit on my electricity bill?

The credit will take effect this summer.

Q26. Will the additional credit be applied retroactively, i.e., to the date I received my first OESP credit?

The OESP started January 1, 2016, when the Ontario Clean Energy Benefit (OCEB) ended.

The program enhancements will not be retroactive for existing OESP recipients. However once in effect, those customers will begin receiving the enhanced credit.

Q27. Can consumers who did not sign up for the program when it was launched in November 2015 sign up now? What is the deadline?

Customers can apply for the OESP any time.

There is no application deadline, but the sooner customers apply and are accepted into the OESP, the sooner they will begin to receive the on-bill credits.

Q28. How are you making these changes to the OESP? Are they a result of legislative changes? Regulation changes?

Changes to the OESP will be made through amendments to the *Ontario Energy Board Act, 1998* (OEBA). Regulatory amendments will be required to address program details.

Q29. What is the Rural or Remote Rate Protection (RRRP) plan? Who is currently eligible to receive the RRRP and how much does the average household receive?

The Delivery charge on consumer bills includes the cost of delivering electricity from generating stations across the Province to homes and businesses via the high voltage (transmission) and low voltage (distribution) electricity systems and also includes the cost of distribution system losses.

The cost of distributing power to lower-density rural and remote areas is much higher than for urban and higher density areas.

To help offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations, eligible customers receive a credit off their bills under the Rural or Remote Rate Protection (RRRP) framework.

RRRP provides rate protection for customers living in areas of very low density – including Hydro One's R2 rate class customers, customers of Algoma Power and customers of Hydro One Remote Communities and James Bay First Nation LDCs.

Q30. The RRRP was recently updated on January 1, 2017. What kind of relief does it provide to ratepayers?

In recognition of the unique and special circumstances associated with the electricity cost-of-service for rural ratepayers, effective January 1, 2017, the province is reducing costs for eligible rural ratepayers by providing additional funding to the RRRP program.

Starting on January 1, 2017, 330,000 Hydro One low density (R2 class) customers will receive $60.50 per month in RRRP to bring their total Delivery line costs to roughly $78 for 1,000 kWh/month.

When combined with the 8 per cent Ontario Rebate for Electricity Consumers, eligible rural ratepayers will receive additional relief, decreasing total electricity bills by an average of $540 annually or $45 each month.

Q31. What further changes are you now making to the RRRP as a result of today's announcement?

Delivery Charge Relief will be provided for the customers of the local distribution companies (LDCs) with the highest delivery charges.

In addition to RRRP, which mitigates the specific costs related to low-density distribution service, Delivery Charge Relief will be broadened to harmonize distribution costs at the lowest rate amongst the eligible LDCs – eliminating some of the inequities caused by variation in distribution rates across the Province.

The additional relief is expected to decrease total electricity bills by an average of $540 a year or $45 each month. About 800,000 customers will benefit from the enhanced RRRP program.

Q32. Where will this money come from? How is this different from the current RRRP funding model?

RRRP funding is currently collected from all Ontario electricity customers through a regulated charge. To help reduce costs for all customers, RRRP and the broadened Delivery charge relief will be funded through the tax base instead of on electricity bills.

Q33. Where will this money come from?

The government recognizes that that the price of electricity can be difficult for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income. For many rural ratepayers, paying their electricity bill can be a challenge, with this monthly expense representing a greater portion of their income.

Today's announcement means that greater focus and support can be placed on eligible rural ratepayers by funding RRRP through government funding.

Q34. How will enhancing the RRRP through government funding reduce costs?

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

We recognize that programs, such as the RRRP, are for the common good and that these programs should be delivered to Ontarians through government funding and not through electricity ratepayers.

Q35. When will I see the additional savings on my electricity bill? Will the additional savings be applied retroactively, i.e., to the date I received my initial RRRP rebate?

Legislation is required to implement this program. If passed, the Ministry will work with the Ontario Energy Board (OEB) and affected LDCs to work through implementation details.

Q36. How are you making these changes to the RRRP? Are they a result of legislative changes? Regulation changes?

Changes to the RRRP will be made through amendments to the *Ontario Energy Board Act, 1998* (OEBA). Regulatory amendments will be required to address program details.

Q37. How will industrial customer be affected by this RRRP enhancement?

Industrial customers will not be affected by this RRRP enhancement, though they will experience cost decreases as a result of a reduction in the RRRP regulated charge that all customers currently pay.

Q38. The new Fair Hydro Plan announced today includes two new social and conservation initiatives: On-Reserve First Nations Rate and the Affordability Fund. Can you provide more details about the Affordability Fund?

We understand the rising costs are a concern, which is why we are bringing in additional savings now through new initiatives that will cut costs directly on your electricity bill.

As a government, we've been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low-incomes.

We will be helping those consumers most in need by enhancing electricity support programs and shifting cost to government funding.

For those most in need, the low-income Home Assistance Program provides energy efficiency upgrades in homes at no cost to the customer to help reduce future electricity bills.

We recognize that there are other electricity customers who are in need but do not meet the Home Assistance Program eligibility criteria. These electricity customers will be eligible for additional support for energy efficiency measures through the Affordability Fund.

Q39. Who will be eligible to receive funding and how much will the average household receive?

The Affordability Fund provides LDCs with an additional tool to help customers who are not eligible for the existing low-income conservation program. The Fund would provide support for energy efficiency improvements to help customers reduce future electricity bills and avoid future disconnections.

LDCs apply for funding to the Fund administrator, to offer energy efficiency measures to those customers in their service territories that meet the targeted eligibility criteria. Recipients could receive measures ranging from an average of $3,000 to $5,000 per customer, at no or minimal cost. For example, measures available in the Home Assistance Program include:

- Energy-saving light bulbs (LEDs); power bars; energy efficient window ACs, refrigerators, freezers, dehumidifiers; low-flow showerheads, hot water blankets, pipe wrap and faucet aerators (in homes with electric water heating);
- Programmable thermostats, weather stripping, insulation (in homes with electric heating); and
- Cold climate air source heat pumps would also be an eligible measure under the Affordability Fund for eligible customers. Heat pumps range in cost from $7,000 to 13,000.

Q40. How will the Affordability Fund be funded? Where will the money come from?

We will be helping electricity customers by expanding access to energy efficiency measures through an Affordability Fund. The Fund would be established with government funding.

Q41. How are you establishing this new social program? Is it a result of legislative changes? Regulation changes?

Legislative or regulatory changes are not required to establish the LDC Affordability Fund.

The province would enter into an agreement for the program to be delivered through LDCs. LDCs are best positioned to identify and target their customers who would benefit from this program.

The LDC Affordability Fund would provide LDCs an additional tool to help customers who are not eligible for low-income conservation programs.

The conservation programs supported by the Affordability Fund will be funded by government.

Q42. The new Fair Hydro Plan announced today includes another new social program funding initiative, the On-Reserve First Nations Rate. Can you provide more details about this new Rate?

The Ontario Energy Board (OEB) recently provided us with a report recommending the introduction of a program to eliminate Delivery charges for on-reserve First Nations customers. This program would help mitigate electricity costs for low-income consumers and support the redress of historical grievances.

The government intends to introduce legislation to implement this program. If passed, this would result in an average monthly benefit of $85/month for the roughly 21,000 eligible customers, to be funded through government funding.

Q43. Who will be eligible to receive funding and how much will the average household receive?

Eligible customers would receive an average of $85/month through the On-Reserve First Nations Rate.

Q44. How will the On-Reserve First Nation Rate be funded? Where will the money come from?

We would be helping the most vulnerable consumers by enhancing electricity support programs and shifting cost to government funding.

Q45. How are you establishing this new social program? Is it a result of legislative changes? Regulation changes?

Changes to the OESP would be made through amendments to the *Ontario Energy Board Act,* Legislation and Regulations will be required to implement this program. If passed, the government will work with the Ontario Energy Board and affected LDCs on implementation details.

Q46. Can the new On-Reserve First Nations Rate be combined with the OESP? Will a First Nations consumer be eligible for the On-Reserve First Nations Rate and continue to receive the OESP benefit? Is there a possibility that the combined funding sources could add up to an amount greater than the actual electricity bill?

The OESP enhanced credit is available to all eligible indigenous customers in the province, regardless of where they live. This includes First Nation, Inuit, and Métis customers.

The On-Reserve First Nations Rate applies only to First Nation customers living on a reserve in Ontario.

These programs will be treated as distinct, as they are designed to address different energy cost issues. Thus, customers eligible for both programs will receive credits under both programs.

MARKET RENEWAL

Q47. How are you planning on bending the cost curve in the future? If more can be done to reduce rates now, why haven't you already acted?

The government has been working hard to reduce electricity ratepayer costs and will continue to look for efficiencies in the system wherever possible without compromising the reliability of our system.

We have already taken several steps to mitigate system costs, including:

- Renegotiating the Green Energy Investment Agreement (GEIA) in 2013, to reduce contract costs by $3.7 billion.
- Reducing Feed-in Tariff (FIT) and microFIT prices through annual price reviews, saving ratepayers at least $1.9 billion.
- Introducing a competitive Large Renewable Procurement (LRP) process to drive down costs approximately $1.5 billion lower than the 2013 LTEP forecast.
- Suspending the second round of the LRP process and the Energy-from-Waste Standard Offer Program, which is expected to save up to $3.8 billion in costs.
- Deferring the construction of two new nuclear reactors at Darlington. This was in response to the supply and demand expectations of the 2013 LTEP, avoiding an estimated $15 billion in new construction costs.
- Maximizing the value of our existing nuclear fleet by starting Bruce refurbishments in 2020, instead of 2016, thus helping to achieve $1.7 billion in savings relative to the 2013 LTEP forecast and by continuing to operate Pickering up to 2024, pending regulatory approvals, which could save ratepayers as much as $600 million.

We look forward to working closely with the OEB, OPG and IESO to find even more savings for ratepayers.

Q48. Can you provide details on what the OEB will be doing to help lower future costs?

The OEB has a mandate to regulate the electricity distribution sector in the public interest, ensuring the financial viability of the sector while promoting reliable service to customers at just and reasonable rates.

The OEB, through the Renewed Regulatory Framework for Energy (RRFE), has attempted to move the distribution sector towards a performance/outcomes-based regulatory framework.

While new reporting requirements such as the local distribution company (LDC) performance scorecard are positive developments, RRFE does not tie these system performance expectations to LDC financial performance.

Encouraging shared partnerships on services between utilities will help reduce costs in the back end and encourage further innovation for small to medium sized utilities.

The Ministry of Energy has asked the OEB to look at opportunities to further drive LDC efficiencies and productivity. In parallel, the OEB has been instructed to review business cases behind its own regulatory requirements to reduce “red tape” and eliminate costs that LDCs indicate are creating pressures on operating expenses.

Q49. We have already heard the Minister speak about the need for market renewal. What has been done to move forward these initiatives?

Through the work of the Electricity Market Forum, the Market Surveillance Panel, IESO studies, and stakeholder input, we have been able to identify areas of our electricity system that could improve their efficiency.

The objective of IESO’s Market Renewal Project is to implement changes to achieve material efficiencies in the near and longer term with minimal disruption to market participants. The initial findings from the Market Renewal benefits case show potential for cost savings that will be realized by both consumers and market participants.

Cost savings are expected to be achieved through the better utilization of existing assets, greater competition among resources, a reduced need to build new resources, and a more flexible and cost-effective procurement process that will better reflect system needs.

Changes related to IESO’s Market Renewal initiatives are estimated to save up to $300 million per year, starting in 2021.

ADVERTISING

Q50. How much is the government spending on advertising for this latest round of price mitigation initiatives?

For the Affordability Fund, targeted outreach is planned, as opposed to broad marketing, to ensure that support is delivered to customers who need it most.

Q51. Why is the government spending money on advertising when it could be putting those funds towards lowering electricity prices?

We are committed to improving the public's understanding of the energy system.

It's important to let Ontarians know about the decisions we are making so that they can effectively participate in energy decision-making.

We've been listening to Ontarians in all parts of the province and understand that they need us to do more and that's why we are introducing a Fair Hydro Plan.

The new Fair Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.

Advertising is crucial for raising awareness about government programs and to ensure that all Ontarians are aware of how these programs will impact them.

Other resources available to Ontarians is the Ministry of Energy's emPOWERme website, an online resource dedicated to public education about electricity.

Q52. Did the government go through the proper approvals process for this advertising campaign? Was this advertising campaign approved by the Auditor General and the Advertising Review Board?

We understand the importance of transparency and accountability.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Q53. Was a competitive competition held to select the advertising agency in charge of the campaign?

The advertising agency chosen to help our government raise awareness on these new initiatives is approved Vendor of Record, with considerable experience in the energy sector.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

ADDITIONAL QAs

<u>ELECTRICITY PRICES -- BUSINESSES</u>

Q54. Ontario businesses have repeatedly expressed concerns over the rising costs of electricity, some have even said they will have to close or leave Ontario. How do you respond to this?

Our government continues to make the investments necessary to ensure a clean, reliable and affordable electricity system for all Ontarians. There are measures in place to mitigate industrial electricity prices, including:

- Industrial Conservation Initiative (ICI)
    - The Industrial Conservation Initiative (ICI) allows large electricity consumers to lower their electricity costs by reducing their demand during peak hours. Reducing demand during peak hours benefits companies financially and benefits the electricity system by deferring the need for new peaking generation.
    - To give more businesses the incentive to participate in the ICI, we have lowered the threshold to 1 MW and removed sector restrictions so that more consumers can benefit.
    - Newly eligible consumers will be able to opt-in to the ICI program at their discretion and will see the impact this summer.

- Industrial Electricity Incentive (IEI)
    - The Industrial Electricity Incentive (IEI) offered reduced electricity rates for companies starting or expanding operations in Ontario.
    - The Independent Electricity System Operator (IESO) awarded 22 contracts to energy-intensive companies across the province through the program.

- Northern Industrial Electricity Rate Program (NIERP)
    - Participants in the Northern Industrial Electricity Rate Program (NIERP) receive a rebate of two cents per kilowatt hour.
    - On average, industrial electricity prices can be reduced by over 20% through the program.
    - In 2015, the Ontario government announced the commitment to an ongoing NIERP beyond March 2016.

- Industrial Accelerator Program (IAP)
    - IAP, delivered by the IESO, assists eligible transmission-connected companies to fast track capital investment in major energy conservation projects.
    - The program provides financial incentives to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption on the provincial system and to help companies become more competitive by positively impacting their bottom line.
    - Participants can receive incentives that will cover up to 70% of eligible project costs.

- saveONenergy for Business Program
    - The saveONenergy for Business Program, delivered they local distribution companies with support from the IESO, offers a variety of financial incentives to distribution-connected business and industrial customers to increase energy efficiency and save money on their bills.

- Demand Response (DR)
    - The IESO holds annual Demand Response auctions which provide payments to successful participants that commit to reducing their consumption when called upon to do so.
    - These DR auctions are a precursor to the capacity auction that IESO is planning to implement through its market renewal initiative.
    - Participation in the DR Auction is open to new and existing DR participants in Ontario with peak load greater than 1 MW, including industrial consumers and aggregators.

BROADENING OWNERHSIP OF HYDRO ONE

Q55. Won't rates rise as a result of your sale of Hydro One? Isn't the interest of the private sector to increase profit by raising rates?

Hydro One does not set its own electricity rates. Rates continue to be set by the independent Ontario Energy Board (OEB).

The OEB is an independent regulator with a mandate to protect the interests of Ontario's electricity consumers. Applications from electricity companies like Hydro One are reviewed by the OEB and the OEB makes the final decision.

The government has passed legislation that enhances the OEB's powers to continue to protect electricity ratepayers with respect to cost, consumer protection and reliability.

In addition, Hydro One has hired a dedicated Ombudsman, similar to those found at other public companies. The Ombudsman will receive and investigate customer complaints. Hydro One has appointed Fiona Crean as the Ombudsman of Hydro One.

ELECTRICITY TRADING

Q56. What kind of impact will importing Québec electricity have on our electricity system?

Québec will deliver 2 terawatt hours (TWh) of energy per year to Ontario from 2017-2023, which will target specific hours in which natural gas would have otherwise been used. 2 TWh is enough to power the city of Kitchener for a year.

The imported electricity from Québec is clean hydro power, and its use will be targeted to specific hours in which natural gas would otherwise have been used in Ontario.
By using clean hydro power from Québec, electricity sector greenhouse gas (GHG) emissions in Ontario are expected to be reduced by approximately 1 megatonne per year from 2017-2023.

Q57. How much will importing this electricity cost Québec? Is it going to be more expensive than our natural gas generation here in Ontario?

One of the negotiating principles of this agreement with Québec was to provide savings to Ontario ratepayers.

Over the 2017-2023 period, the agreement will reduce Ontario electricity system costs by an estimated $70 million from previous forecasts.

ELECTRICITY PRICING IN OTHER JURISDICTIONS

Q58. What is the current status of industrial electricity prices in Ontario? How do prices compare to other North American jurisdictions?

Our government continues to ensure a clean, modern and reliable electricity system for all Ontarians.

Prices are increasing because our energy system is being transformed – we are making needed investments to modernize our electricity system. We chose to replace coal-fired generation with cleaner sources of energy, which will benefit our environment and the health of Ontarians.

As we plan for Ontario's electricity needs for the next 20 years, conservation will be the first resource considered, wherever cost effective. Conservation is the cleanest and most cost-effective energy resources, offers customers a way to reduce their electricity bills and reduces the need to build costly new generation, distribution and transmission infrastructure.

Indicative industrial electricity prices in Ontario are currently within five per cent of the United States average as reported by the U.S. Energy Information Administration.

According to 2013 Long-Term Energy Plan (2013 LTEP), the typical industrial electricity price is projected to increase on average by 2.7% per year in the five-year period from 2017 to 2021 inclusive, and by 1.4% per year from 2017 to the end of 2032.

Over the forecast period, the average annual increase in consumers' costs are generally in-line with expected inflation, which averaged about 1.8% over the last ten years (2007-2016).

The National Energy Board's *Energy Futures* 2016 report projects that industrial electricity prices are expected to increase in most provinces through 2032.

PUBLIC SECTOR SALARY DISCLOSURE – ENERGY AGENCIES

Q59. Electricity bills are rising for Ontario families. How does the Province justify the high salaries of executives at Ontario Power Generation (OPG), the Independent Electricity System Operation (IESO) and the Ontario Energy Board (OEB)?

Ontario's electricity sector requires committed, highly skilled professionals and trained workers. The salary levels reported reflect this.

Energy agencies have been demonstrating their on-going commitment to the government's compensation restraints:

- All energy agencies indicated they have complied with the public sector compensation restraint legislation that froze the compensation structure for non-unionized employees for two years beginning March 24, 2010.

- Under Bill 55, the *Strong Action for Ontario Act* (Budget Measures), further restraint measures were introduced that cap executive compensation for OPG, Hydro One, IESO and former OPA. The restraint measures came into force March 2012, and will continue until the Province achieves a balanced budget.

- In addition to legislative requirements, Ontario's energy agencies have also implemented additional expenditure restraint measures to those required in the compensation legislation.

In March 2015, the *Broader Public Sector Executive Compensation Act, 2014* came into effect, giving the government's ability to establish compensation frameworks for certain executives in the broader public sector, including OPG, IESO (the merged entity of the former IESO and OPA) and OEB.

The Provincial legislative compensation restraints to manage compensation are working. Total salary expenses paid to the top 10 earners in the electricity sector have declined by 21% in 2015 from 2009.

Q60. How much do the executives at Hydro One make? Why are Hydro One executive salaries not captured under the *Public Sector Salary Disclosure Act*?

In accordance with the *Public Sector Salary Disclosure Act* (PSSD), Ontario Power Generation (OPG), the Ontario Energy Board (OEB), and the Independent Electricity System Operator (IESO), have disclosed the salaries and taxable benefits paid to employees who earned over $100,000 in 2015.

Only public sector employees are included in the PSSD.

Hydro One has become a public traded company following the government's decision to broaden the ownership of Hydro One to create lasting public benefits and ongoing public protections.

- The government continues to hold approximately 70 per cent of Hydro One and will proceed with future offerings in a careful, staged and prudent manner over time reducing Ontario's stake to 40 per cent while remaining the largest shareholder.

- The proceeds from broadening the ownership of Hydro One will be used to invest in infrastructure and reduce debt.

As a publicly traded company, Hydro One is no longer required to report salaries of employees earned after December 31, 2014 under the *Public Sector Salary Disclosure Act*.

Hydro One will continue to be governed by Ontario laws, including the *Business Corporations Act* and *Securities Act*.

Hydro One has disclosure requirements under Ontario securities legislation to provide certain information to the public. Total compensation levels of CEO, CFO and three other highest paid executives of the corporation are reported each year.

Additional Q&A (Cabinet Office)

Q61. Landlords will benefit from the new rate relief plan. How will you ensure they pass along these savings to their tenants?

Tenants who pay their own electricity bills are also able to benefit from the programs. The government is looking at ways to ensure that rate relief can be passed along to tenants that do not receive electricity bills.

Q62. The figure of 25 per cent savings is for a typical residential consumer. How much money will households actually save?

When we looked at how to make the system fairer, we wanted to make sure that these measures will benefit everyone.

Refinancing Global Adjustment impacts the electricity line of the bill. So for example, in a typical household connected to Toronto Hydro and consuming 750 kWh per month, the reduction would be 25% in 2017.

The reduction varies depending on a number of factors, including the level of consumption and the local distribution company a consumer is connected to.

Q63. Will people's bills look different?

Our new plan will provide savings through new initiatives that will cut costs directly on your electricity bill.

Most of the components of the plan do not require adjustments to the appearance of residential electricity bills.

We will work with the Ontario Energy Board (OEB) and Local Distribution Companies (LDCs) to ensure necessary changes are made to billing systems to reflect the impact of these initiatives.

Distribution companies already have experience with the implementation of billing changes.

Q64. When will these changes come into effect?

We are looking to implement these changes as soon as possible, so that we can lower rates and take the pressure off electricity consumers. There is a process that we have to follow, which includes introducing legislation.

Pending legislation and regulation amendments, changes would enter into effect in Summer 2017.

Q65. How much will these initiatives cost?

We have been making important investments in a cleaner and more reliable energy system. Since 2003, the government invested more than $35 billion in electricity generation, but these investments have led to higher electricity bills.

We have heard from Ontarians across the province that the costs of these new investments have increased bills too quickly, which is why we are moving forward with a plan that will ensure costs are shared more fairly and over a longer period of time.

To relieve that burden, two streams of initiatives are being undertaken.

First, Ontario is proposing to refinance some of the costs associated with contracted electricity generation facilities. To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.

In the early years, a portion of the costs covered by the GA would be financed to reduce pressure on today's electricity consumers. In later years, the cost of financing would be recovered from consumers.

Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first ten years, for a maximum accumulated debt of about $28 billion on a forecast basis.

Second. The province is proposing to introduce and expand existing rate relief programs.

A number of important programs such as the Ontario Electricity Support Program (OESP) and the Rural or Remote Rate Protection (RRRP) Program would now be funded from provincial revenues instead of by electricity consumers. The province is also launching a new Affordability Fund, enhancing the existing OESP and providing on-reserve First Nations with a delivery credit. Combined, these new measures would cost the government up to $2.5 billion over the next three years.

This spring, we will be releasing the 2017 Long-Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Q66. Where is the money for this rate relief plan coming from? Will you still be able to balance the budget?

We remain committed to balancing the budget by 2017-18. We continue to invest in the economy, our people and a healthy, clean and prosperous low-carbon future.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

Q67.You are characterizing these as structural changes. Does this mean the lower rates are permanent, or will rates rise again?

We have a robust energy supply and are in a good position to improve efficiency, increase transparency, enhance opportunities for innovation and enhance competition to reduce system costs.

This spring, we will release the 2017 Long-Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Any rate increases over the next four years will be held to the rate of inflation for typical residential electricity consumers.

Q68. When you say you are reducing bills by 25 per cent, you are in fact including the 8 per cent rebate already in place. Is 17 per cent enough?

We are introducing the most significant electricity rate relief plan in Ontario's history.

We are restructuring the way the cost of electricity generation is recovered from families, farms and small businesses.

Ontario is proposing to lower electricity bills by 25 per cent for typical residential consumers as part of a significant restructuring of the way costs are recovered in order to spread the costs of generating assets more fairly over time.

And we are doing so by building on measures we have already taken to address electricity costs. This plan will provide substantial rate reductions today and ensure fairness and predictability for tomorrow.

We put in place the 8 per cent rebate and heard clearly that more is needed. That is why we are providing greater relief.

Q69. What about people who have had their electricity disconnected. What are you doing for them?

With all party support, we recently passed Bill 95, the Protecting Vulnerable Energy Consumers Act, which empowered the Ontario Energy Board to prohibit winter disconnections. The Board has done this, prohibiting disconnections through April 30th and requiring the reconnection all customers disconnected as a result of payments owed.

Q70. There have been calls to get rid of time-of-use rates. Are you considering that?

There is a pilot project looking at that, but we do know that time of use provides an overall benefit to the entire province by reducing demand during peak times. Reducing peak demand defers the need to invest in new generation.

Ontario is proposing to lower electricity bills by 25 per cent for typical residential consumers as part of a significant restructuring of the way costs are recovered in order to spread the costs of generating assets more fairly over time.

Global Adjustment

Q71. People have been paying for investments to make the system cleaner and more reliable. Now, you are spreading these costs over the longer term. Aren't you just offloading costs to future generations?

We have been making important investments in a cleaner and more reliable energy system, and we are reaping the benefits of that, but these investments have led to higher electricity bills.

The cost of investments in generation and conservation are funded in part through the Global Adjustment (GA).

We have heard from Ontarians across the province that the costs of these new investments have increased bills too quickly, which is why we are moving forward with a plan that will ensure costs are distributed more fairly over time. We have a plan that significantly reduces rates today AND ensures fairness and predictability for tomorrow.

Most of Ontario's electricity generators are under 20-year contracts, but many of these facilities will continue to generate power after their contract ends. These are long-term assets for our electricity system. We are bringing forward some of the value of these assets by spreading some of the current costs of these contracts over a longer period.

Q72. Won't spreading these costs over more years lead to big rate hikes down the road?

Many of the generating facilities that have been developed recently are expected to operate past their contract life. We are recognizing that some generating facilities will continue to provide benefits to future electricity consumers after their contracts end. This will reduce the need for future consumers to finance the development of new generating facilities.

To relieve the burden on ratepayers and share costs more fairly, we are proposing to restructure the way costs associated with these generating facilities are recovered.

Ontario is proposing to distribute these costs over a longer period of time. In the early years, a portion of the cost of generation recovered by the GA would be financed to provide a reduction for electricity consumers. In later years, the cost of financing would be recovered from consumers.

Under current forecasts, the reduction in the GA would be about $2.5 billion per year on average over the first seven years, for a maximum accumulated debt of about $28 billion on a forecast basis.

Q73. Residential customers just stopped paying the Debt Retirement Charge (DRC) and business and industrial customers are still paying it until 2018. Why are you now adding more debt to ratepayers?

AWe have a plan that significantly reduces rates today AND ensures fairness and predictability for tomorrow.

Most of Ontario's electricity generators are under 20-year contracts, but many of these facilities will continue to generate power after their contract ends. These are long-term assets for our electricity system. We are bringing forward some of the value of these assets by spreading some of the current costs of these contracts over a longer period. This will reduce the need to finance the development of new generation assets.

Q74. How many years will people be paying back the debt that will result from refinancing the costs? Can you give any guarantees as to how long and how much people will be paying in the future?

AOur rate relief plan is a significant restructuring of the electricity sector and the biggest rate reduction in Ontario's history.

It recognizes that the decision to invest in a clean, modern and reliable energy system was the right one – but that the costs of this decision should not be put on today's electricity bills alone.

If passed, the proposed legislation would mean this refinancing would spread costs over a longer period while providing immediate relief on electricity bills. Under current forecasts, the debt is expected to be recovered over a thirty-year period.

This spring, we'll release the 2017 Long-Term Energy Plan (LTEP) which will include a projection of where we think we are headed.

Q75. What measures will be in place to ensure this debt is managed with the proper accountability and transparency?

Leveraging the expertise of both companies, the government intends to introduce legislation that enable the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) to work together to manage this refinancing. The legislation would also outline the role of the Ontario Energy Board (OEB) as it relates to the financing proposal.

Q76.Why was Ontario Power Generation (OPG) chosen as the entity responsible for this refinancing?

OPG has the necessary expertise to assist with the refinancing.

OPG currently manages an $18-billion nuclear fund and can use its infrastructure and expertise in this field to help administer the longer-term financing.

As an entity regulated by the Ontario Energy Board, OPG also has extensive experience with regulatory deferral and variance accounts.

Delivery charges

Q77. Delivery charges have been a big issue for people. Why aren't you eliminating them or lowering them more than you are?

Pending legislation, Ontario is making changes to the Rural or Remote Electricity Rate Protection Program to lower delivery charges for about 800,000 rural and remote consumers who currently face some of the highest rates. The government also intends to introduce legislation that, if passed, would eliminate the delivery charge for all on-reserve First Nations residential consumers, resulting in an average savings of $85 per month.

Q78. How are you changing the way programs are currently funded?

As a government, we have been focused on ensuring that our electricity system has been fairer for families living in rural areas or with low incomes.

Programs designed to support customers that are most vulnerable to increasing electricity costs will shift from the hydro bill to government funding, recognizing they are for the common good. This includes the Ontario Electricity Support Program (OESP) and Rural and Remote Rate Protection (RRRP).

The new Affordability Fund and the On-Reserve First Nation delivery rate will also be government-funded. This ensures that initiatives designed to provide a social good will be better aligned with the government's poverty reduction goals.

Program Enhancements

Q79. What are you doing for people in rural areas?

We currently provide support to roughly 350,000 rural residential customers through the Rural or Remote Electricity Rate Protection Program (RRRP). We will expand this support to provide rate relief also to customers of local distribution companies (LDCs) with some of the highest rates.

The enhanced program will benefit about 800,000 customers total. As an example, a Hydro One low density customer on electric heat consuming 2,500kWh/month will see their distribution charge reduced by about $75. Specific rebate amounts will be dependent on Ontario Energy Board rate-setting processes.

We are moving to have the RRRP funded by the tax base, which will reduce regulatory charges on electricity bills for all Ontario ratepayers. We project this will cost about $500 million in the 2017–18 fiscal year.

Q80. What are you doing for low-income Ontarians?

Through the Fair Hydro Plan, we are providing relief to everyone and also providing additional relief for those who are most in need of support.

This includes expanding the Ontario Electricity Support Program, which lowers electricity costs for the most vulnerable customers by providing a rebate directly on their bills. This program — which is income-tested and application-based — uses two scales: basic credits; and an enhanced credit for Indigenous people and for people who use electric heat or certain electrically intensive medical devices.

The eligibility for OESP will be expanded so that more Ontarians can receive the credit. We will also increase OESP credits by 50 per cent. Here is what that will mean for people in common situations:

- Single, low-income consumers who receive the lowest credit amount currently receive $30 per month ($360 per year). They will now receive $45 per month ($540 per year).
- Some customers can't avoid using more power because their home is electrically heated or they rely on an approved medical device that uses a lot of electricity. For a single, low-income customer eligible for the enhanced credit, the amount will grow from $45 per month ($540 per year) to $68 per month ($816 per year).
- Families of four who use electric heat will see their credit climb from $55 per month ($660 per year) to $82.50 per month ($990 per year).

We are moving to have the OESP funded by the tax base, which will reduce regulatory charges on electricity bills for all Ontario ratepayers. We project this will cost about $185 million in the 2017–18 fiscal year.

Q81. There hasn't been huge uptake of the Ontario Electricity Support Program (OESP). What are you doing to increase participation levels in this program?

We want to ensure that people receive the support they need and are eligible for. We are taking a number of steps to ensure that as close as possible to 100 per cent of people eligible participate in this program. We are:

- Streamlining the application process to make it easier and quicker to get approval
- Increasing awareness of the program to eligible recipients
- Exploring automatic qualifications for customers who are enrolled in other low-income support programs
- Expanding eligibility for more low-income Ontarians.

Q82. Why not just remove the need to apply for the Ontario Electricity Support Program (OESP) in the first place? Wouldn't that be the best way to increase participation — by automatically reducing bills for lower-income Ontarians?

The OESP is delivered by the Ontario Energy Board (OEB), which works with local utilities to ensure that the credit is applied on customer bills every month. This ensures that the credit is applied directly to reducing electricity bills for eligible customers.

The OESP is an income-tested program. Local utilities and the OEB do not have information on customer income levels. Thus, they do not know which customers may be eligible for the OESP. That's why the OEB also works with the Canada Revenue Agency and 172 intake agency locations across the province to help get customers the relief they need as quickly as possible.

The government is exploring automatic qualifications for customers who are enrolled in other low-income support programs.

Q83. Why are you targeting those who are most vulnerable?

We understand rising electricity costs are a concern for all Ontarians and appreciate that low-income Ontarians feel it even more.

We currently offer both the Ontario Electricity Support Program and the Rural and Remote Rate Protection, which offer significant bill reductions to eligible households. As part of our rate relief plan, these programs are being enhanced to ensure vulnerable consumers receive additional support.

We recognize that these programs have social value and benefit vulnerable people across Ontario. So we are shifting these programs from being paid for through electricity bills to being paid for through government funding.

This will reduce bills for everyone, and ensure these programs continue to serve those in need.

For those most in need, low-income programs like the Home Assistance Program help provide energy efficiency upgrades in homes at no cost to help customers reduce future electricity bills and avoid future disconnections.

We recognize that there are other electricity customers who are in need, but who do not qualify as low-income, and are addressing this through the Fair Hydro Plan.

Q84. What kinds of support will you provide through the new Affordability Fund, and who will be eligible for it?

As well as reducing rates for people across Ontario, we are providing additional support to those in need. This includes creating a new Affordability Fund to help electricity customers who cannot qualify for low-income conservation programs.
Distribution companies have been partners in delivering electricity services and conservation programs to Ontarians for more than ten years. This fund will give them an additional tool to help customers in need. They will use provincial support through this fund to help customers pay for energy-efficiency improvements to reduce their future electricity bills and avoid future disconnections.

We are moving to have the Affordability Fund funded by the tax base, which will reduce regulatory charges on electricity bills for all Ontario ratepayers. We project this will cost about $200 million in the 2017–18 fiscal year.

Q85. How much of the costs of making energy improvements will people eligible for the Affordability Fund have to cover themselves?

The fund will provide support of $3,000 to $5,000 [TBC] per customer, and they will pay minimal costs towards the energy improvements. We estimate this fund will help from 15,000 to 65,000 [TBC] households.

Q86. What are you doing to reduce electricity bills for First Nations people living on reserves?

We are providing additional support for people who live on First Nations reserves. We are taking a number of actions recommended by the Ontario Energy Board, including:

- Eliminating the delivery charge for all on-reserve First Nations residential customers and removing the monthly service charge for customers of licensed distributors that charge a bundled rate. The Ontario Energy Board estimates this will provide residential customers an average monthly benefit of $85 (or $1,020 per year)
- Automatically qualifying on-reserve First Nations residential customers — about 21,500 in total
- Enabling greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.

We are moving to have the First Nations On-Reserve Rate funded through the tax base, which will reduce regulatory charges on electricity bills for all Ontario ratepayers. We project this will cost about $20 million in the 2017–18 fiscal year.

Q87. **This announcement is only for residential customers. What are you doing for industrial consumers?**

Industrial customers will benefit through two initiatives.

A number of important programs such as the Ontario Electricity Support Program (OESP) and the Rural or Remote Rate Protection (RRRP) program would now be funded from provincial revenues instead of by electricity consumers. This will provide savings to industrial customers, who currently fund a portion of these programs.

We are also proposing to expand the Industrial Conservation Initiative (ICI) to include smaller manufacturers with peak demands between 500 kW and 1 MW. ICI provides a strong incentive for participating consumers to shift their electricity consumption to off-peak hours to reduce their bills by about one-third. By reducing the province's peak demand, ICI has the added benefit of deferring the need to build peaking generation. Participating consumers collectively reduced Ontario's peak demand by an estimated 1,000 MW in 2015.

Advertising/transparency bucket:

Q88. Why is the government spending money on advertising for this plan when it could be putting those funds toward lowering electricity prices?

We are committed to improving the public's understanding of the energy system.

It is important that the people of Ontario know about the decisions we are making so that they can effectively participate in making decisions on how they use energy.

We have been listening to people in all parts of the province and understand that they need us to do more and that's why we are introducing this plan.

The new Rate Relief Plan will bring in more savings now through new initiatives that will cut costs directly on your energy bill.

Advertising is crucial for raising awareness about government programs and to ensure that all Ontarians are aware of how these programs will impact them.

For the Affordability Fund, targeted outreach is planned, as opposed to broad marketing, to ensure that support is delivered to customers who need it most.

Another resource available to Ontarians is the Ministry of Energy's emPOWERme website, an online resource dedicated to public education about electricity.

Q89. Did the government go through the proper approvals process for this advertising campaign? Was this advertising campaign approved by the Auditor General and the Advertising Review Board

We understand the importance of transparency and accountability.

Our advertising campaign has been reviewed and approved by all the proper agencies/parties, including the Auditor General and the Advertising Review Board.

All the necessary approvals and processes were followed during the selection of the advertising agency.

Q90. How much will this cost taxpayers?

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

The measures to help vulnerable electricity consumers would cost the government up to $2.5 billion over the next three years. The refinancing proposal would be debt financed and is not expected to pose a direct cost to government.

The province continues to project a balanced budget for 2017-18. The province will provide a full update on its fiscal plan in the spring Budget.

Q91. How are you managing interest rates over time?

Ontario Power Generation (OPG) would provide the financing for the proposal. OPG has a great deal of experience managing the risks associated with borrowing through their experience developing capital-intensive generation projects as well as their management of Nuclear Funds.

Q92. Are other increases coming after the reduction?

The rate of increase for a typical residential consumer will be kept in line with inflation for 4 years.

Q93. How will I see this on my bill?

The savings in the plan will be delivered through several existing line items on the bill, including electricity, delivery and regulatory.

Q94. Are we going to see cuts to other programs to pay for this?

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.

These investments will help enhance the public services that Ontarians rely on, as well as stimulate economic growth.

Q95. Will schools and hospitals have their bills go down?

Schools and hospitals will benefit through shifting the funding of support programs to provincial revenues.

Q96. How much will rates go up after the four years?

Under the plan, rates will begin to increase at a rate higher than inflation after four years but are expected to remain below current forecasts until the mid-2020's.

Q97. It appears that this plan will raise prices again in just a few years, aren't we just delaying the inevitable?

Under the plan, rates will begin to increase at a rate higher than inflation after four years but are expected to remain below current forecasts until the mid-2020's.

As part of the Fair Hydro Plan, the government will aggressively pursue cost reductions through sector efficiencies to bring costs down over the long term.

Q98. How long are you talking about refinancing for?

Our proposal would spread costs over a 30-year period.

Q99. Won't cheaper electricity undercut your conservation initiatives?
We continue to encourage a culture of conservation in Ontario and will proceed with our aggressive conservation targets.

Q100. Are you doing a complicated global adjustment scheme instead of just cutting rates?

Ontario is proposing to refinance some of the costs associated with contracted electricity generation facilities. To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time

Q101. Is there a legit reason to do this other than keeping it off the provincial books?

Ontario is proposing to refinance some of the costs associated with contracted electricity generation facilities. To relieve the current burden on consumers, a portion of the GA is being refinanced. Refinancing the GA will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.

Ontario Power Generation (OPG) would provide the financing for the proposal. OPG has a great deal of experience managing the risks associated with borrowing through their experience developing capital-intensive generation projects as well as their management of Nuclear Funds.