Ontario

Ontario's Fair Hydro Plan

LDC Working Group

Meeting #2
April 19 2017

Agenda

- May Implementation
  - Global Adjustment Refinancing
  - Industrial Conservation Initiative (ICI) Expansion
  - Ontario Electricity Support Program Enhancement & Charge Removal
- Summer Implementation
  - Rural or Remote Rate Protection Taxbasing & Charge Reduction
  - Distribution Rate Protection Enhancement
  - First Nations Delivery Credit
- Bill Presentment
  - On-Bill Message
  - Bill Insert
- Communications Strategy

May Implementation: Global Adjustment Refinancing

- Under Ontario's Fair Hydro Plan, a portion of Global Adjustment (GA) is proposed to be refinanced to provide significant and immediate rate relief to eligible electricity consumers, such as residential consumers, farms, long-term care homes, condominiums and many small businesses. **Note**: Only electricity consumers eligible for the *Ontario Rebate for Electricity Consumers Act, 2016* would be eligible for reduction.

- In the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.

- Reductions associated with GA Refinancing are expected to be included by the Ontario Energy Board in the May 1, 2017 RPP rates. The methodology for applying the reduction to eligible non-RPP consumers (including those on retail contracts) will be included in legislation and/or regulations currently under development, which are expected to be introduced in the near future.

- Following the initial reduction applied to May 1, 2017 RPP rates, total projected bill increases would be kept in line with Consumer Price Index (CPI) until 2022 and then increase to achieve full cost recovery by 2047.

May Implementation: ICI Expansion

- Effective January 1, 2017, Class A includes all electricity consumers with peak demand greater than 1 MW without any sector restrictions. As part of this expansion, sector restrictions were removed to allow smaller institutional and commercial businesses to participate in the ICI program.
- Effective the week of April 17, 2017, Class A also includes electricity consumers and market participants in the manufacturing and greenhouse sectors with peak demand greater than 500 kW and less than 1 MW to participate.
- Customers that opt in to ICI will see the impact on bills beginning July 2017.
- In addition to expanding ICI, ENERGY has amended Ontario Regulation 429/04 to allow electricity consumers to continue their participation in ICI if their demand falls below the monthly peak demand threshold while participating in certain prescribed conservation and demand management (CDM) program.

May Implementation: OESP

- On March 23, 2016, the OEB issued a Decision and Order to LDCs to rescind the OESP regulatory charge of 0.11¢/kWh as of May 1, 2017 as a first step to implement the government's plan to remove the OESP from the rate-base.
- Proposed legislation will include amendments to shift funding to the tax-base to support OESP costs after the credit balance in the IESO's OESP Variance Account has been depleted.
- In addition, The Ministry also amended O. Regulation 314/15 of the *Ontario Energy Board Act, 1998* to increase the OESP credit amounts by 50% and broaden categories for eligibility. This regulation will take effect on May 1, 2017. The final regulation is expected to be posted on e-Laws during the week of April 18.

Summer Implementation: RRRP

- Proposed legislation will include amendments to allow for taxbased funding to support current RRRP costs.
- Pending legislative approval, the Ministry intends to bring forward regulatory amendments to move Hydro One R2 customer costs to the taxbase.
- The targeted implementation for this change is July 1, 2017. As a result, the OEB will revise the RRRP charge to reflect the infusion of taxbase funding. LDCs will be required to charge the new RRRP rate on consumption as of July 1, 2017.
  - Estimates suggest the RRRP charge will reduce from $0.0021/kWh to $0.0004/kWh. The final charge is subject to OEB determination.

Summer Implementation: Distribution Rate Protection

- Proposed legislation will include authority to establish a distribution rate program to be funded by the taxbase, including authority to prescribe eligible consumers and the method in which a maximum distribution charge is to be set.
- Pending legislative approval, the Ministry intends to introduce regulations to implement such a program for the previously announced LDCs.
- The target implementation date for this program is July 1 2017. Regulation specifics are still being determined.
- The Ministry will reconvene its RRRP/DRP working group to discuss the regulations in detail, including what level of detail is required in the public regulatory posting in order for LDCs to begin working towards the July 1 date.
- There is not expected to be any DRP specific bill messaging requirement for July 1st.

Summer Implementation: First Nations Delivery Credit

- Proposed legislation will include authority to establish a full credit for Delivery charges, funded by the taxbase, for on reserve customers.
- Pending legislative approval, the Ministry intends to introduce regulations to enable this program. Exact program eligibility is being determined through discussions with affected LDCs and the Chiefs of Ontario (COO).
- The target implementation date for this program is July 1 2017. The Ministry will reconvene its RRRP/DRP working group to discuss the regulations in detail, including what level of detail is required in the public regulatory posting in order for LDCs to begin working towards the July 1 date.
- LDCs are expected to provide the Delivery credit by July 1st

Bill Presentment: On-Bill Message

- In recognition of tight implementation timelines, LDCs will not be expected to undertake substantive on-bill messaging requirements at this time.
- On-bill messaging will be, pending legislative and regulatory approval, limited to a simple information message acknowledging the existence of the Fair Hydro Plan.
- **Q: When do LDCs need to receive final messaging to make the July 1 effective date?**
- The Ministry has received feedback regarding the limited space on the bill to include new messaging. The Ministry is examining opportunities to removal some regulatory messaging requirements, including related to the Debt Retirement Charge and the 8% Rebate.
- **Q: Any additional advice on where to streamline regulatory requirements?**

Bill Presentment: Bill Insert

- The Ministry intends to bring forward regulations to require a Fair Hydro Plan bill insert beginning July 1 2017.
- Final language is being determined.
- In order for consumers to be quickly and accurately informed of their savings, the Ministry is seeking to work with LDCs to begin providing these inserts in June, before the regulatory requirement goes into effect.
- **Q: What do LDCs require in order to begin providing these inserts in June?**

Communications Strategy

Underway
- Echo events, Minister speaking engagements, Advertising (radio and digital)
- Paid Advertising – planning for post-legislation launch
- Earned Opportunities
- Seeking shared opportunities

Strategy
- Continue the FHP conversation through the development of FHP products that will support LDC staff and their customers.

Tactics
- Products for LDC front line staff will include:
  - FAQ for front line staff
  - Backgrounders on FHP initiatives
  - Relevant news releases
  - Status updates on the progress of FHP initiatives

- Products for LDC customers will include:
  - Optional and legislated bill inserts
  - Optional FHP matte content for local media, customer newsletters and websites
  - Optional Digital assets for sharing – social, online creative

- Development and distribution of FHP initiatives will align with the proposed implementation schedule

- Leverage EDA for distribution of products