

# **2017 Long-Term Energy Plan**

## **Communications Plan Update**

August 18, 2017

# Overview

- Ontario released its first Long-Term Energy Plan (LTEP) in 2010; the LTEP is reviewed and updated every three years.
- Its purpose and implementation are established in the Electricity Act.
- The 2013 and 2017 LTEP featured input from Ontarians; industry, stakeholders, Indigenous communities and the public.
- ENERGY presented its initial plans for the 2017 LTEP to Cabinet on July 28 and was asked to return to the next Cabinet Meeting with the communications strategy.
- The communications plan is a strategic framework; its approach is flexible and scalable:
  - We can communicate broadly and in a sustained fashion or simply launch and reactively respond, or adjust course as needed.

## Context

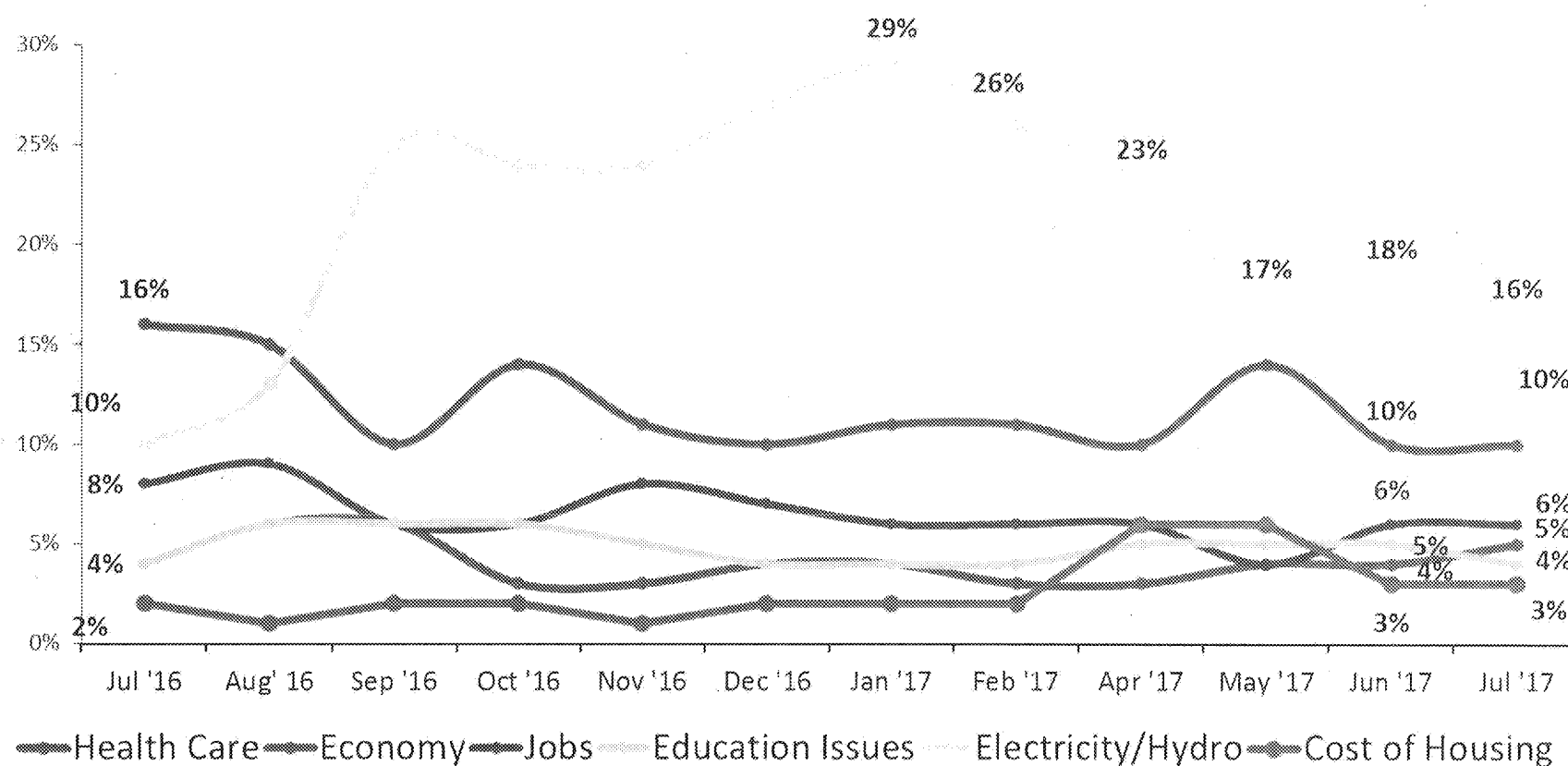
- Since 2006, electricity prices in Ontario have risen considerably. These costs have drawn criticism from ratepayers, industry, media and political critics.
- Government took action:
  - September 2016, introduced an 8% rate subsidy for residential, farm and small businesses, taking effect on Jan 1, 2017.
  - March 2017, introduced Ontario's Fair Hydro Plan (OFHP) reducing electricity costs by 25% beginning July 1.
  - Other elements include:
    - rate increases held to inflation for four years;
    - new cost mitigation for some rural customers, on-reserve First Nations communities and low-income customers;
    - The cost of social programs moved to the tax base.
- The intention was to bring rate relief immediately, but costs would have to be recovered, creating bill increases over time.

## Context Cont'd

- On May 11, the same day Minister Thibeault announced the Fair Hydro Act, news media published a leaked cabinet document.
  - Media coverage of the document stated that electricity rates in Ontario would spike in 2022 and average monthly bills would rise ~6.5% a year from 2022 to 2027. The document also forecasted that the bill would peak at \$215 in 2028.
  - Minister Thibeault's response pointed out that the document was outdated, and that the 2017 LTEP would provide a more detailed and updated forecast.
- In the media, the OFHP rate mitigation strategy has drawn considerable criticism:
  - Analysis of 60 news articles following the FHP legislation announcement resulted in 9 positive, 21 neutral and 30 negative stories.
- By contrast, polling shows concerns about electricity issues are considerably lower following the OFHP introduction.

## Context Cont'd

- Electricity issues continue to be most top of mind, but seem to have plateaued since May.



## Communication Goals

- Publish the 2017 LTEP in accessible formats targeted to stakeholders and ratepayers
- Recognize contributors and echo their feedback
- Sustain positive relationship with energy sector stakeholders
- Mitigate risks
- Be relevant - Tell stories. Stay local

## Good News Stories in the LTEP

- There are a number of good news stories in the LTEP that the Ministry plans to leverage going forward, including:
  - Grid modernization and enhancement of the Smart Grid Fund
  - A strengthened commitment to energy conservation & efficiency
  - Expansion of net metering
  - Innovative electricity price plan pilots
  - Supporting Indigenous capacity and leadership
  - Modernizing the utility business (bill redesign, efficiencies/red tape reduction, accountability)

## Challenges for the 2017 LTEP

- The 2017 LTEP will draw public criticism, despite the substantial amount of good news in its actual content.
- Likely contentious items included in the 2017 LTEP will be:
  - A price curve, including OFHP impacts, that is better than was reported in media earlier this year, but still presents a communications challenge;
  - Emissions forecasts that could create vulnerabilities, including through implications for natural gas bills; and
  - A clear statement of the end to a number of energy sector procurements and associated economic development implications.

# Strategies and Messages

## Primary Strategies

- Assure Ontarians the government has established a clean, reliable and affordable energy system that is ready for the future.
- Create and execute a modest multi-platform strategic communications plan.
- Host a launch day and manage media.
- Return to first principles of Ontario's Fair Hydro Plan and its necessity in response to negative coverage on the cost curve
- "Loop back" with consultation participants.
- Deliver targeted messaging by telling stories locally, where they matter. Decouple them from "LTEP".
- Set and evaluate key performance indicators (KPIs) to measure the public reception of our engagement.

## Key Messages

- The LTEP is a road map that sets out the direction for Ontario's energy future for the next 20 years.
  - The LTEP establishes the policy direction for our ministry and agencies.
  - We consulted with and listened to Ontarians in the development of our plan.
  - We've worked to ensure the LTEP is consistent with the Government's broader priorities, such as the Climate Change Strategy.
  - It's based on five principles the province's residents and businesses say are important to them: cost-effectiveness, reliability, clean energy, community and Indigenous engagement, and conservation and demand management.
  - Ontario's Fair Hydro Plan is an important part of our strategy.
- We have made necessary investments in the energy system that will serve us for generations to come.
- Ontario's grid is reliable and ready for the technological innovations coming to the energy sector.
- This long term energy plan delivers fairness and flexibility to help all Ontarians adjust to a rapidly changing energy future.

## **Risk: Forecast Electricity Bills Curve**

- The LTEP will show a 20-year residential electricity bill forecast.
- Updated since cabinet briefing materials published in media in May 2017.
- While the near-term shows the substantial drop in prices as a result of Ontario's Fair Hydro Plan, the medium-term (2021-2027) sees consistent and significant annual increases in bills, of approximately 5% per annum.
- This takes bills up higher than they were at OHFP launch. The forecast then shows bills remaining at that level for the rest of the forecast period.
- An obvious communications challenge, this aspect of the LTEP will overshadow the near-term drop in bills and other good news.

## **Risk Management Strategies: Forecast Bills**

- Acknowledge that bills are going to rise but clarify that government has a plan to moderate this.
- Convey sensitivity to the cost pressures on Ontarians that existed prior to the OFHP, and the need for immediate action at that time.
- Stress that the forecast is lower than released in May and our work on finding cost savings continues.
- Develop an optimistic message track leaning on the immediate and medium term benefits that the OFHP has brought for Ontario families, farms and small/medium businesses. Remind consumers of the immediate relief they are feeling now.

# Messages: Forecast Bills

## 1. The government heard you, and took action.

- Ontarians told the government that their bills were too high. Relief was needed and something had to be done right away.
- The government delivered with the Ontario Fair Hydro Plan to save Ontario families, farms and small businesses 25% on average on their bills.

## 2. Down the road, rates will have to rise, but we are driving savings everyday

- Ontario has already taken a number of actions to lower electricity costs and we've found billions of dollars in savings for all consumers by:
  - Not going ahead with new build nuclear generation, and suspending most future renewable procurements; and
  - Increasing cost effectiveness and improving efficiency by adopting new electricity market approaches, providing up to \$3.8 billion in cost savings.
- Over the coming years Ontario will continue to drive costs out of the electricity system:
  - The Minister has directed energy agencies to reform the energy market and find efficiencies and cost savings.
  - Future innovations will bring savings opportunities.
- [TBC: Even with these rate increases in the medium term, the 2017 LTEP bill forecast is lower than the one in the 2013 LTEP]

## Messages: Forecast Bills (cont.)

### **3. The government will continue to protect low-income, rural and remote families with programs like the Ontario Electricity Support Program (OESP), Distribution Rate Protection and the First Nations On-Reserve Delivery Credit.**

- We increased monthly OESP on-bill credits (between \$45 and \$75) to the most vulnerable among us who need a helping hand.
- The government has ensured that Ontarians living in the most remote communities, where power is expensive, are supported through lowered delivery costs.
- On-Reserve First Nations families are already saving almost \$1,000 per year on average thanks to the removal of the delivery charge from their electricity bills.

## **Risk: Emissions Forecast and Fuels Bills**

- [Note: final emissions profile still to be determined]
- The 2017 LTEP will include a 20 year forecast of GHG emissions from the energy sector.
  - Emissions from the energy sector (fuels and electricity) currently make up approx. 70% of total Ontario emissions.
- The rate of emissions reduction and how the forecast compares to broader targets set out in the Government's Climate Change Strategy is likely to be of interest to media and stakeholders.
- Meeting the Climate Change Strategy targets will likely require significant sectoral change.
- The government is likely to get questions as to whether the commitments and the changes detailed are reasonable, either economically or technically.
- In addition, Cap and Trade impacts on natural gas prices will result in increasing natural gas bills for consumers.

## **Risk Management Strategy: Emissions Forecast and Natural Gas Bills**

- Reiterate the government's commitment to lowering GHG emissions, given the risks of climate change.
  - Put the forecast in the context of the broader climate change strategy.
- Commit to providing support to Ontario businesses and households as they make the changes to their buildings, vehicles and behaviour that will reduce provincial total emissions.
- Present a picture of what a cleaner, technologically-advanced future energy system looks like.
  - Clarify throughout that these goals are reasonable and attainable.
- MOECC will be in-market with advertising in fall and could provide cover.

## Messages: Emissions Forecast and Natural Gas Bills

- Ontario is committed to doing its part to reduce GHG emissions and prevent climate change.
- The emissions forecast in the LTEP shows that we have a plan in place that will deliver real results.
- To get there, our approach to energy use will have to change, and the government will have the programs and supports in place to help Ontarians make that shift.

## Risk: Ending Procurements

- Previous LTEPs have provided substantial commitments to procurement of new energy contracts (e.g., FIT, nuclear refurbishment, transmission lines).
- This created a supportive stakeholder constituency.
- The 2017 LTEP does not have any procurement commitments or announcements on the same scale as previous.
- Furthermore, the express lack of any additional procurements, due to the surplus in electricity supply, is expected to mean a continued decline in certain energy industry sectors, such as renewable energy manufacturing (e.g., wind turbines), that was reliant on a stream of new projects being developed.
  - Such a decline would cut against one of the key stated aims of the Green Energy Act and associated policies, which was to develop a sustainable green energy manufacturing sector in Ontario.

## Risk Management Strategy: Ending Procurements

- The lack of extensive new electricity supply procurements in the 2017 LTEP will not be a surprise to sector stakeholders.
  - Since late 2016, the Minister of Energy has repeatedly and consistently stated that the government would not be undertaking further procurements.
- While some job losses in the sector should be expected, the government's stated prioritization of electricity system cost containment, in part achieved through procurement restraint, is consistent with the general public's main concern: price.
- The government can point to other opportunities for new development in the sector, even if not in the same form as the specific procurements of previous LTEPs (e.g., market renewal).
- There are also the existing economic development benefits from past procurements and those currently underway (e.g., nuclear refurbishment and supply chain).

## Messages: Ending Procurements

- Reducing electricity prices is our main goal.
- We are now in a strong supply position – it is appropriate to slow down new procurement.
- We encourage our partners in the sector to participate in the market renewal process.
- The market renewal program underway will still provide opportunities for new development, within a framework of efficiency, technological specialization and cost competition.

# Tactics: Overview

| Section                |                                                                                                                                                                                                              |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LTEP Book Production   | 2017 LTEP document<br>Consumer-focused Summary brochure<br>Postcards (approx. 4-5)                                                                                                                           |
| Digital Communications | Web page development<br>Organic social media networking                                                                                                                                                      |
| Launch Events          | Technical briefing and Scrum<br>Stakeholder correspondence<br>And one of: <ul style="list-style-type: none"> <li>• Press conference</li> <li>• House statement</li> <li>• Speech for the minister</li> </ul> |
| Media Relations        | Media kit                                                                                                                                                                                                    |
| Sustained Promotion    | Social media networking<br>On-going and localized storytelling                                                                                                                                               |
| Evaluation             | Media coverage analysis<br>Social media and digital engagement stats<br>Tone of incoming correspondence                                                                                                      |

## Correspondence

- In 2013, the LTEP was sent to about 1,700 recipients with a cover letter:
  - municipalities, stakeholders, LDCs, Indigenous groups, libraries, MPs, MPPs and provincial energy ministers.
  - 12 different versions of the letter, plus five personalized versions for specific recipients
- Considerations for 2017:
  - Update mailing list
  - Refresh cover letters
  - Send cover letter with highlights brochure and link to full book

This option would cut costs, ease logistics and is environmentally friendly.

## **Tactics: Evaluation**

### News media

- Use media measurement system to evaluate, track and record each news article and editorial (broadcast, print, web) including re-prints of wire services and broadcast syndication, record verified reach, apply a scale to evaluate key message pickup, photo and tone.

### Social media

- Reach and engagement for organic posts.

### Website

- Measure unique visitors and engagement to LTEP page.

### Correspondence

- Track the number of letters and emails referring to the LTEP and tone.