



FFAM BA MESSAGING -- Contentious Topics

Last updated: March 8, 2017

Rising Energy Rates

- **The IESO understands that rising energy rates are a concern for Ontario residents and ~~are~~ is committed to providing tips and resources to help manage energy use in Ontario homes through the Save on Energy Program.**
 - Ontario residents can visit saveonenergy.ca for useful tips and resources.
 - This includes the Save on Energy Spring Coupon Event that provides savings on a variety of energy efficient products to help Ontarians manage their energy use
 - During the month of April, coupons for energy-saving products are available in-store, on-shelf at participating retailers in addition to being downloadable on the IESO and LDC websites (until September 30).
 - Instore SoE coupons are only valid during month of April.
- **Conservation efforts play an integral role in determining electricity costs both in the short and long term.**
 - In the short term, individuals who make efforts to conserve energy will have lower electricity bills than they would if they did not conserve.
 - In the long term, conservation keeps electricity costs lower. Prices are lower today because of the conservation efforts over the last 10 years and the conservation being paid for today will keep prices lower in the future (*source: IESO*).
 - While the full potential of conservation efforts will not be experienced immediately, if we stopped investing in conservation today we might pay less today by a small amount. Prices might be marginally lowered for a short period of time but that would only mean paying higher prices for more expensive options in the near future.
 - Additionally, conservation helps avoid investments in more expensive electricity infrastructure and new generation. Between 2006 and 2010, approximately \$2B of spending on conservation led to approximately \$4B of avoided costs for new supply (*source: IESO*).
- **A variety of factors play a role in determining energy rates.**
 - Factors include: weather, infrastructure maintenance and repair.
 - The Ontario Energy Board (OEB) takes these various factors into account and regulates energy rates ~~thought through~~ the review and approval of applications submitted by the distributors (LDCs) for their delivery charges. Visit www.ontarioenergyboard.ca to learn more about the OEB's role.
 - Rates are set based on a forecast of the demand for electricity and how much it will cost to supply the province with electricity.
- **Overall electricity prices have increased due to a range of factors including the need to replace aging infrastructure to maintain system reliability.**
 - Ten years ago, the province did not have enough electricity to meet peak demand but now there's enough power even when hot and humid weather drives up demand. The changes made to ensure reliability, such as rebuilding the grid, reducing electricity use through conservation programs and adding new generation must be paid for over time.
- **The Ontario Government has put into place various measures to assist consumers with their electricity bill:**
 - **Ontario's Fair Hydro Plan**
 - Starting this summer, electricity bills will be reduced by 25% on average for households across Ontario. Many small businesses and farms will also benefit from this cut.
 - Bills won't increase beyond the rate of inflation for at least four years.

Commented [DA1]: Suggest replacing with third bullet.

Commented [DA2]: Is this accurate?

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Commented [DA3]: I think this is the key piece. I would remove the part above about weather and infrastructure maintenance and repair as being the factors that determine rates. Those are very specific considerations.

Commented [DA4]: Don't think this is accurate. We were never unable to meet peak demand.

Commented [DA5]: Suggest adding ICI. Of all the measures, this is the one we're most supportive of and involved with.

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- People who live in eligible rural communities and those with low incomes will see even more reductions to their electricity bills.
 - Taken together, these changes will deliver the single-largest reduction to electricity rates in Ontario's history.
- **Elimination of the debt retirement charge**
 - Ended December 31, 2015 for residential consumers
 - Will remain on all other electricity users' bills for electricity consumed before April 1, 2018.
 - To learn more visit: <http://www.fin.gov.on.ca/en/tax/drc/>
- **The Ontario Rebate for Electricity Consumers Act** which is a rebate of the provincial portion of HST (8 percent), to residential and commercial customers directly on their electricity bills.
 - This 8% rebate will result in an average savings of \$130 annually.
- **The Ontario Electricity Support Program** – an electricity support program intended to provide ongoing monthly bill payment support to low income consumers.
 - Applies to customers of an electric utility in a lower income home (based on combined household income). Also available to customers of unit sub-meter providers and retail energy companies.
 - Customers need to apply to the program online at OntarioElectricitySupport.ca.
- **Low-Income Energy Assistance Program (LEAP)**
 - The assistance is only available if a customer is behind on their bill – or in *arrears* – and may face having their service shut off (disconnected). It is for emergency situations only and is not meant to provide ongoing help to pay the electricity bills.
 - Low-income customers can get up to \$500 in emergency assistance for their electricity bills (\$600 if the home is heated electrically)
 - Eligible customers must go through a social service or government agency.

Commented [DA6]: Definitely remove, please.

Consumer perception that reduced usage leads to higher rates

- **Contrary to popular belief, conservation efforts actually help Ontarians manage home energy costs right now while also keep electricity costs lower in the future.**
 - In the short term, individuals who make efforts to conserve energy will have lower electricity bills than they would if they did not conserve.
 - In the long term, conservation keeps electricity costs lower. Prices are lower today because of the conservation efforts over the last 10 years and the conservation being paid for today will keep prices lower in the future.
 - While the full potential of conservation efforts will not be experienced immediately, if we stopped investing in conservation today we might pay less today by a small amount. Prices might be marginally lowered for a short period of time but that would only mean paying higher prices for more expensive options in the near future.
 - The good news is, you are taking efforts to conserve energy. The bad news is, rates have gone up faster than many customer's ability to reduce consumption. The better news is, you've lessened the financial impact of future cost increases.

Commented [DA7]: Suggest removing.

Surplus energy being sold outside the province for reduced rates

- **The IESO understands the benefits and challenges of exporting energy outside the province.**
 - One challenge is the fact that electricity can be purchased at low prices. To manage this, the IESO implemented a change to the rules that govern the market that limits payments to exporters during periods of negative energy prices.
 - A great benefit of exporting energy, is that exports provide revenue that contributes towards reducing costs that otherwise would have had to be paid for by Ontario consumers.

Commented [DA8]: IESO is a very big supporter of interjurisdictional trade. I've never heard us talk about challenges of exporting. Message should simply be that it's a good thing.

Commented [DA9]: Who considers this a challenge?

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- Ontario efficiently exports and imports a significant amount of electricity as part of the regular operation of its electricity market. Both exports and imports support reliability, providing supply when and where it is needed in the system.
 - Imports help bring prices down because this occurs when imports cost less and exports help offset costs due to selling at a higher price. For example, the US has been experiencing hotter summers and have needed to imported energy at a higher cost.

Commented [DA10]: Not sure about this part. Higher price relative to what? If this is referring to price arbitrage, that's a benefit only to the energy trader and not to Ontario/IESO. Our message is usually more along these lines:

Exporting electricity allows the IESO to bring in revenue that helps reduce fixed system costs that would otherwise need to be paid for by Ontario's ratepayers. Exports also provide access to external markets for Ontario-based suppliers, providing additional revenue for generators and helping to lower the Global Adjustment Ontarians pay.

Delivery charges greater than usage fees

- **Delivery charges are an important component to maintaining the province's energy infrastructure.**
 - All electricity utilities and gas utilities, charge a 'delivery fee.' This is a monthly charge that all customers must pay. This pays for the poles, wires, transformer stations and the crews that work hard every day to maintain the electricity grid and to be there when the power goes out.
 - A portion of the delivery charge is calculated at a fixed amount. The rest of the charges increase or decrease depending on the amount of electricity you use.
 - Another factor that determines the delivery charge is the distance the energy travels to the place or use. In other words, Ontarians who live in more remote areas require energy to travel across more infrastructure which means additional costs for maintenance.
 - However, due to the recently annouced Fair Hydro Plan, those who live in eligible rural communities will see even more reductions to their electricity bills.
 - If you have questions about your hydro bill, please contact your LDC. Contact information is included on your bill.

Could add something about global adjustment -- "what is this mysterious global adjustment charge and why are we paying so much for it!?"

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