

Ontario's Fair Hydro Plan

LDC Working Group

Meeting #3
May 17, 2017

Agenda

1. Global Adjustment Refinancing
2. Bill Presentment
3. Reporting Portal
4. Questions Next Steps

Global Adjustment Refinancing: Status

- 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.
- On April 20, 2017, the Ontario Energy Board (OEB) released the May 1, 2017 Regulated Price Plan (RPP) rates that included a portion of the expected impact of GA Refinancing.
- On May 11, 2017, Bill 132 that enacts the *Ontario Fair Hydro Act, 2017*, was introduced.
- On May 15, 2017, the Ministry posted information regarding proposed new regulations – and amendments to existing regulations – that will support the implementation of GA Refinancing under the *Ontario Fair Hydro Act, 2017*.
- These regulations are targeted for June, 2017 approval.

Global Adjustment Refinancing: Next Steps

- Pending passing of Bill 132, and related regulations, the OEB will adjust RPP rates further to fully reflect the impact of Ontario's Fair Hydro Plan. These new RPP rates would be effective as of July 1, 2017.
- The OEB would also determine the reduction to be applied to eligible non-RPP consumers (including those on retail contracts) to be effective July 1, 2017.
- The IESO would publish the relevant rate reductions as determined by the OEB that will apply to the electricity bills of eligible non-RPP consumers as a volumetric rate.
- Each LDC/Retailer would ensure that its invoices reflect the reductions as soon as possible after the IESO publishes the reductions for eligible non-RPP consumers. Note: Regardless of when reductions are reflected in consumer's invoices, the reductions are to be applied by LDCs/Retailers to electricity consumer's usage from July 1, 2017.
- Following the initial reductions applied to electricity bills this summer, average projected bill increases would be kept in line with Consumer Price Index (CPI) until 2021 and then increase to achieve full GA Refinancing cost recovery by 2047.

Bill Presentment

- As reflected in the Ministry's regulatory posting, issued on May 12, 2017, the Ministry is proposing minimal near-term OFHP bill messaging to ensure LDCs can provide OFHP programs on-time for consumers.

Voluntary Bill Inserts (June 2017):

- LDCs have been asked to voluntarily distribute a bill insert in June 2017, ahead of regulatory requirements, explaining OFHP initiatives and savings to consumers.
- The Ministry has provided to the EDA digital copies of the bill insert.
- 33 LDCs have indicated their desire to have printed versions and they will be delivered by May-end.



Ontario's fair hydro plan

- Electricity bills would be lowered by 25 per cent on average for residential consumers.
- Rate increases would be held to inflation for four years.
- As many as half a million small businesses and farms would also benefit from this reduction.
- Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions, as much as a 40 to 50 per cent cut.

The benefits would vary by individual consumers depending on electricity usage and service territory. These measures include the eight per cent rebate introduced in January 2017 and build on previous initiatives to deliver broad-based relief on all electricity bills.

To find out more, visit ontario.ca/FairHydroPlan.

Bill Presentment (cont'd)

Removal of Outdated Messaging (May – July, 2017):

- As indicated in the regulatory posting, the Ministry plans to remove outdated regulatory messaging requirements, including those related to the Debt Retirement Charge (DRC) and the 8% provincial rebate, in order to free-up space on the bill and reduce potential confusion amongst consumers.
- **In advance of July 1, 2017**, the Ministry intends to revoke the requirement for LDCs to use 8% provincial rebate messaging on or with invoices and envelopes, as prescribed under O. Reg. 364/16.
 - Note, the requirement to display an "8% Provincial Rebate" line item would remain.
 - LDCs are kindly asked to refrain from issuing envelopes marked with the 8% rebate messaging at this time.
- **If passed, as of July 1, 2017**, LDCs would no longer be required to include informational messaging about the DRC on invoices, as required by O. Reg. 275/04.
 - Note, the requirement to display a "DRC" line item would remain, even for customers that do not incur charges (i.e., \$0.00 charge).

Bill Presentment (cont'd)

Mandatory Bill Inserts (July 2017 – July 2018):

- The proposed regulations would require LDCs to include an OFHP bill insert on a quarterly basis for a 12-month period, beginning with the first invoice issued on or after July 1, 2017, until the first invoice issued on or after July 1, 2018.
- These prescribed bill inserts are not anticipated to change from the voluntary bill inserts to-be issued in June. The proposed wording is included in the regulatory posting. Note, LDCs will be responsible for the printing and mailing of these inserts.

On-Bill Messaging (July 2017 –):

- The Ministry is proposing that standardized messaging appear on all electricity bills as of July 1, 2017 to explain the existence of the OFHP.
- The following text has been proposed, and is included in the regulatory posting:

Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

- Regulatory amendments would also require the affected LDCs (11) to include a "First Nations Delivery Credit" line item below the "Delivery" sub-heading on the invoices of applicable customers.

Reporting Portal

- The Ministry is currently working with the IESO to develop online reporting forms for the new Fair Hydro Plan programs, as well as the legacy programs that will be moving to the tax base.
- There will be an online reporting form for each program that must be submitted each month for reimbursement. These forms will be a part of the IESO's online reporting portal and you will only be required to report to the IESO for these programs.
 - Note that the reporting and settlement processes for the Ontario Rebate for Electricity Consumers will remain unchanged.
- The forms are still under development, but will be in place for July 1, 2017. More information can be shared about the reporting specifics once the forms and regulations are further along in the development process.

Questions?