Ontario

BACKGROUNDER

Ministry of Energy

Actions to Mitigate Costs Since 2013

Ontario has taken action to reduce ratepayer impacts and remove system costs in the interest of maintaining an affordable, clean and reliable electricity system. The following outlines the key rate mitigation initiatives to bend the cost curve, which have been implemented since 2013:

- Renegotiating the Green Energy Investment Agreement (GEIA) with Samsung, reducing contract costs by $3.7 billion. ~~The revised agreement also included:~~
- ~~Protecting the agreement's job commitments and adding a commitment to solar manufacturing jobs in 2016;~~
- ~~Reducing the agreement's total commitment for renewable energy projects from 2,500 megawatts (MW) to 1,369 MW;~~
- ~~Requiring Samsung to obtain municipal council support resolutions for new renewable energy projects before moving forward.~~

- Deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs;
  - ~~Approving Ontario Power Generation's plans to seek the necessary regulatory approvals from the Ontario Energy Board (OEB) and the Canadian Nuclear Safety Commission (CNSC) to enable the ongoing operation of Pickering up to 2024, which is expected to save ratepayers as much as $600 million.~~

- 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 Long-Term Energy Plan (2013 LTEP) forecast and by continuing to operate Pickering up to 2024, pending regulatory approvals, which could save ratepayers as much as $600 million.

- Mandating annual reviews of Feed-In Tariff (FIT) prices which have led to a significant reduction in the price we pay for renewables. For instance, FIT and microFIT prices for new solar projects have been reduced between 50 and 75% since 2009.

- Reducing overall costs associated with the FIT and microFIT programs by about $800 million, as a result of lower prices and reduced procurement capacity relative to the 2013 Long-Term Energy Plan (2013 LTEP) forecast. ~~This represents an approximate reduction of about $0.32 per month on a typical residential electricity bill over the forecast period.~~

Commented [TA(1]: What about Bruce Power. When we took ARBPRIA to Cabinet, we compared the final deal against 2013 LTEP forecast and that also had price mitigation, as compared to previous (LTEP 2013) assumptions, right? Can we consider a new bullet here for ARBPRIA and Pickering as one, perhaps?

Commented [TA(2]: What happened to the $1,9-billion figure as compared to LTEP 2013 forecast?

Commented [KM3]: $1.9 billion figure was presented in LTEP 2013 and represents cost reductions from procuring 900+ MW of FIT and microFIT at FIT 2 prices versus FIT 3 prices plus 5% annual solar price degression.

LTEP forecast assumed FIT 3 prices plus 5% annual solar price degression as the basis for future procurements. $800 million is a more appropriate figure to use when comparing actual procurements to the LTEP 2013 forecast.

Commented [TA(4]: Needs to be consistent, either we include the "per month" for EACH of these bullets or for none. CoS advice is to just keep it in "billions" for sake of ease.

Commented [CRED5]: Recommend not assigning monthly bill savings for each item. Suggest if any, we include for the latest announcement: suspending LRP II (last bullet).

- introducing ~~The LRP I process introduced~~ strong competition between developers of large renewable projects through the Large Renewable Procurement (LRP) process~~,~~ to drive down price and secure clean, reliable generation for the province. As a result of lower prices and revised procurement schedules, LRP I costs were approximately $1.5 billion lower than the 2013 LTEP forecast.

Commented [TA(6]: Need to add $3,3-billion figure.

Commented [KM7]: $3.3 billion figure applies savings from LRP I (weighted ave prices vs. price caps) to LRP II and III. This figure would no longer be relevant if LRP II is not procured.

- Suspending LRP II is expected to save up to $3.6 billion in costs relative to the LTEP 2013 forecast. This would save the typical residential electricity consumer an average of approximately $2.10 per month on their electricity bill.

Commented [TA(8]: Same as comment 2

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