

IESO Impact from Ontario's Fair Hydro Plan



Ontario's Fair Hydro Plan Major Components

- Refinancing the Global Adjustment (GA) over a longer time period for Regulated Price Plan (RPP) eligible consumers, including families, farms and small businesses – similar to Ontario Rebate for Electricity Consumers (8% rebate)
- Enhancing competitiveness for small manufacturers and industrials by lowering the eligibility threshold for Industrial Conservation Initiative (ICI)
- Helping vulnerable electricity consumers by enhancing electricity support and conservation programs, and funding these programs from provincial revenues
- Ministry support for Market Renewal

Refinancing GA

- Legislation introduced to enable IESO and OPG to work together to refinance the GA over a longer period of time.

Lowering the Eligibility Threshold for Industrial Conservation Initiative (ICI)

- Expanding the eligibility threshold of ICI to small energy intensive manufacturers and industrials with average monthly peak demand over 500 kilowatts – (targeting North American Industry Classification System (NAICS) codes 31 - 33)
- Ministry trying to increase participation in ICI through a targeted outreach campaign delivered by the Ontario Chamber of Commerce (OCC)
- Exclusively LDC customers
- Impact is higher GA borne by Class B which is likely to be deferred into the GA smoothing mechanism

Vulnerable Consumers Programs Impacting IESO

- Changing Rural or Remote Rate Protection (RRRP) program to provide distribution charge relief for the customers of the costliest local distribution companies (LDCs)
- Enhancing the Ontario Electricity Support Program (OESP) and working to ensure the program uptake is as close as possible to 100%.
- Establishing a new First Nations On-Reserve Delivery Credit.

Rural or Remote Rate Protection (RRRP)

- Expanding Hydro One R2 residential customer rate subsidy from \$243.4 M to ~ \$500M
- Entire expanded subsidy funded by provincial revenues and settled through IESO Settlements
- Remove the current subsidy dollars (\$243.4M) from the 2017 RRRP rate and add new recipients - moves from \$2.10/MWh to something much lower
- OEB to confirm rate shortly - effective July 1, 2017

Ontario Electricity Support Program (OESP)

- Expand eligibility and increase credits to cover more low income Ontarians effective May 1, 2017
- OESP funded by provincial revenues settled through IESO Settlement
- Permits drawn down of IESO OESP variance (invoice province when variance is below zero not likely before January 2018)
- Removal of OESP fee from IESO and LDC rate payer invoices (Decision and Order EB-2017-0135)
- Requests for program recovery unchanged
- Additional Ministry reporting requirements

New First Nations On-Reserve Delivery Credit

- Eliminating the delivery charge for all on-reserve First Nations households and removing the monthly service charge for customers of licensed distributors which charge a bundled rate
- Automatically qualify on-reserve First Nations households (~21,500 customers)
- LDC request refund from IESO ~ \$20M
- On-Reserve Delivery Credit funded by provincial revenues settled through IESO Settlement - effective July 1, 2017