

OEB Community Meetings

Top Line Q &A

KEY MESSAGES

On March 2 the government announced Ontario's Fair Hydro Plan to lower electricity bills by 25 per cent.

The plan also includes distribution charge relief for InnPower (and some other distributors).

We look forward to the legislation the government is bringing forward. Of course, we will act in accordance with the legislation.

What's important to remember is that the Ontario Energy Board is an independent regulator.

We help control costs for all customers by limiting rate increases by utilities through an open, robust and inclusive rate review process.

Our primary role is to protect consumers. We will continue to rigorously review all rate applications to be sure that costs are appropriate.

Utilities rarely get what they ask for.

Since 2009, the OEB has reviewed 112 major rate applications and reduced the requested rate increase by an average of 38 percent.

Overall, the Ontario Energy Board has kept the annual growth in average distribution rates at about 2 per cent – close to the rate of inflation during the same period.

We encourage all consumers to tell us what they think about their utility's rate application.

The OEB is making it easier for customers to participate by coming to your community.

Your voice counts. The OEB wants to hear from you.

QUESTIONS AND ANSWERS

The Fair Hydro Plan

1) Given the government's recent "Fair Hydro Plan", why are you even here?

Innpower has applied for new rates and the OEB has a crucial role to play in the rate-setting process.

We take our role very seriously.

What we're here to do tonight is listen to your feedback.

It's very important in this process.

Please complete the Letter of Comment form that is available.

It will become part of the record and it will be considered by the Board.

2) Why are you considering a rate increase when the government has said all bills will go down by 25%?

The government must bring forward legislation and have it pass before its plan can take effect. We look forward to the legislation. And, of course, we will act in accordance with the legislation.

In the meantime, Innpower has an application before us and it is our role to review their ask.

We want to keep rates as low as possible while we have an obligation to ensure the system can run properly and be financially viable.

We conduct an open, robust and inclusive rate review process and we're hear to get your feedback on this application today.

3) How does this \$10 a month increase fit in with Premier's commitment to keep increases at inflation?

The government must bring forward legislation and have it pass before its plan can take effect. We look forward to the legislation. And, of course, we will act in accordance with the legislation.

Innpower has an application before us and it is our role to review their ask.

You should know that the OEB rarely gives utilities all that they ask for.

In fact, overall, the OEB has kept the annual growth in average distribution rates at about 2 per cent – less than the rate of inflation during the same period.

4) The government has indicated that InnPower will receive more RRRP relief. How does what the government says jive with your rate application?

We can't speak to the specifics of the government's plan and until we review the rate application and a decision has been reached about how much the utility will receive, we can't speculate.

The government's announcement about the Fair Hydro Plan indicates that the RRRP benefit will be broadened to include InnPower customers. For example an InnPower customer consuming 1000 kWh a month would have their distribution cost reduced by about \$12/month.

The government is also indicating that through the plan it will move to fund RRRP costs through the tax base, reducing regulatory charges for all Ontario ratepayers.

5) What do you think of utility's application?

That's not something we can answer until we've carefully reviewed the application and heard from consumers and intervenors in the hearing. That's part of the reason your participation here today is so important. Your views will help inform the final decision reached by our decision-makers.

6) Why are you holding OEB community meetings?

We want to provide consumers with every opportunity to provide their input about the rate application directly to the OEB, and to let consumers know about the different ways they can get involved in the decision-making process.

7) How is the OEB independent from the government, especially given the 25% reduction plan?

The OEB's decisions on rate applications are made independently of the government. Our mandate is set out in legislation, and as always we are guided by the objectives that the government has set for us in legislation. We look forward to the Fair Hydro Plan legislation. And, of course, we will act in accordance with the legislation.

8) Did you know when you advertised this meeting that the government was going to freeze rates anyway?

The government's announcement came on March 2nd. We issued the public notice of this meeting on February 22.

9) What did you know in advance of the government's announcements?

We were aware that the government was considering rate relief measures but did not know what they would be

10) Do we take it that you don't agree with the rate freeze since you are going ahead with the hearing anyway?

Our role continues to include the review rate applications and we're here today to encourage consumers to share their views with us to help inform our decision-making. You might be interested to know that, overall, on average, we have kept local utility increases to less than the rate of inflation.

11) Do you agree with the government's decision to lower rates by 25%?

My opinion isn't really relevant here. The OEB's job is to implement government decisions while protecting consumers. "Protection" includes reviewing rate applications to with a view to having a reliable system while keeping our eye on costs.

12) Isn't the 25% reduction just a shell game? How much is this going to cost my children/grandchildren in the future? Isn't it just going to make electricity way more expensive for them?

That is best answered by the government at this point. There are materials on their website.

13) How is the 25% reduction going to work?

That is best answered by the government at this point. There are materials on their website.

14) Isn't this all very confusing for customers?

Things will become clearer when the government introduces it's Fair Hydro Rates legislation and it is passed. Until that time, we continue on and we will review this case and take in your comments on the utility's ask.

15) The government announced an earlier hydro relief plan. What were they exactly?

The Ontario government has taken a number of steps to help mitigate the rising cost of electricity:

- Reducing electricity bills by 8 per cent effective Jan 1, 2017, representing the provincial portion of the HST. This is already expected to save the typical residential customer about \$130 annually or about \$11 a month.
- Reducing rural and remote bills by about 20 per cent by enhancing the existing Rural or Remote Rate Protection (RRRP). This averages out to additional savings of about \$540 a year in savings or \$45 a month for the typical residential customer. The RRRP reduces electricity costs for approximately 330,000 rural customers.

- Expanding a conservation program that offers another 1000 companies cheaper electricity rates in exchange for reducing their use during periods of peak demand. Commercial, institutional and industrial ratepayers could benefit from up to 34 per cent lower electricity costs through the expansion of the Industrial Conservation Initiative.
- Suspending renewable energy plans which would have cost about \$3.8 billion.
- Reaching a 7-year agreement with Quebec to store hydro power until Ontario needs it. To do that, Hydro Quebec will pump enough water behind its dams to produce 500 gigawatt hours of hydroelectricity on demand — enough to power North Bay for a year. While this agreement has only a small impact on consumer bills, it will save Ontario \$70 million and will trim 1 million tonnes of greenhouse gas emissions annually.

16) So the new plan is in addition to these earlier changes?

Changes to laws and regulations are needed to implement the plan

We understand that the intention is for the 25% reduction in bills to include the 8% tax reduction that is already in place. It is not an additional 25% on top of that.

InnPower

17) How does the HST rebate work on our bills?

The new rebate took effect on January 1, 2017.

It is 8% on the amount before tax, which is an average saving of \$130 annually or \$11 a month for the typical residential customer. The OEB requires all LDCs to apply the credit by July 1st. Some have already initiated this change. All rebates will be retroactive to January 1st, 2017 regardless of when they are implemented.

18. Is everyone eligible for the rebate plan?

The government anticipates about five million customers, residential, small businesses and farms, are eligible to receive the rebate.

19. Why aren't you forcing InnPower to merge with Alectra?

The OEB doesn't have the mandate to force mergers. That is a decision the owners of the utility must make. However, once the OEB receives a merger application, we review it carefully to ensure it doesn't result in harm to customers of the utilities.

20. What can you do to improve customer service at InnPower?

The OEB monitors the performance of all utilities on an ongoing basis.

Every utility in Ontario must submit a scorecard each year indicating how well they are doing on various factors including important customer service standards. These scorecards are posted on the utility's website and our own website. InnPower's scorecard is on display here.

A utility's customer service performance is important and one of many components taken into consideration during the OEB rate application review.

If you are not satisfied with your utility's service, you can contact the OEB by email or phone.

General Rates Questions

21) How did the OEB allow rates to get so high?

Here in Ontario, the government is investing in a cleaner, smarter, more modern electricity system. Ontario is no longer using coal power. It is replacing it with more wind and solar and natural gas. Ontario's electricity infrastructure is aging and needs to be upgraded.

The OEB is mandated to recover these costs.

Over the 2009-2015 period, energy customers have paid about 38% less compared to what energy distribution companies were requesting, as a result of OEB rate review decisions. Overall, the OEB has kept the annual growth in average distribution rates at about 2% - Close to the rate of inflation during the same period.

The OEB is also working to ensure that customers have a stronger voice on local distributor rate applications and on our decision making – this community meeting is a good example of our commitment.

22) Are we the highest in North America?

The OEB has rate comparison charts available on its website.

Generally speaking, Ontario's rates are in the mid-range when compared to jurisdictions across North America.

23) What is the average electricity bill for Ontarians and how does that stack up against other provinces?

The average monthly electricity bill in Ontario is about \$150 for a typical customer consuming 750kWh/month.

Ontario is more expensive than in other provinces but not the most expensive in North America. A majority of Ontarians heat their homes with natural gas. The effect is a lower average, monthly electricity bill. But keep in mind, these customers pay a natural gas bill. Access to natural gas is an important consideration when looking at regional differences in total home energy costs.

The OEB provides rate comparison charts on its website and there is more information there.

24) How much has the average electricity bill risen in the last five years?

The average electricity bill for a typical residential customer using 750 kWh per month was about \$104/month in 2011. It is about \$150/month in 2016. Average growth in electricity bills since 2011 is 8.6%.

25) What is OEB doing to control costs?

The OEB has been protecting the interests of all energy consumers – current and future by:

- balancing price while ensuring reliability and quality of service.
- helping control costs by limiting rate increases through open, robust, inclusive review.
- keeping annual growth in average distribution rates at about 2 percent – close to the rate of inflation.
- using rate smoothing as a tool to spread out the impact of rate increases.
- encouraging all consumers to get involved and have their say. We make funding available to ensure that cost is not a barrier to participating.
- working on smarter electricity pricing to give consumers greater control and more opportunities to manage electricity bills.
- Designing and delivering low-income bill support programs like the OESP and LEAP.

26) What is OEB doing to protect consumers?

In addition to a transparent, rigorous and inclusive rate review process, we set and enforce rules to protect consumer interests. Some of our efforts include:

- Enforcing new ECPA legislation that bans retailers from signing contracts at homeowners' doors as well as a number of other measures.
- Reviewed more than 350 Applications from utilities and companies, including more than 120 dealing with electricity and gas rates and 40 for leave to construct facilities
- Oversee 717 licensed electricity companies
- Responded to 15,000 contacts from consumers seeking assistance
- Resolved 2,000 complaints against companies we regulate
- Saved \$50M by reducing the rate ask from 12 full-rate applications
- Collected \$850,000 in penalties and voluntary payments in 2014–2015
- Collected \$2.6M since Energy Consumer Protection Act in 2010.

We have also created low-income supports in place to help those most in need:

- Low-Income Energy Assistance Program
- Ontario Electricity Support Program; and
- The OEB's Special Customer Service Rules for low-income customers.

27) Why can't you do more?

We are continuously working to protect consumers as set out in our legislated mandate. In fact we took action to ban disconnections for this winter. We also recently announced that the OEB is launching a broad review of our customer service rules to ensure that they maintain an appropriate balance between customer protection and the ongoing operational needs of utilities.

28) Why can't disconnections be prohibited permanently?

The OEB has moved swiftly to address the disconnection of homes by electricity utilities as a priority for this winter.

We are also launching a broad review of our customer service rules to ensure that they maintain an appropriate balance between customer protection and the ongoing operational needs of utilities.

29) Why should we continue conserving?

Using less electricity has a direct and positive impact on your monthly costs, regardless of the government's recent announcement.

Most households use about two-thirds of their power (64%) during off-peak hours. Off-peak prices are less than half of on-peak prices. The more electricity used off peak, the greater the savings. Consumers will pay less than they otherwise would by doing laundry and dishes at off-peak times. This helps conserve power, manage bills and can help to defer the need to invest in Ontario's power system.

Customers who can move doing their laundry or running their dishwasher from peak hours to off-peak hours can pay 9 cents per kWh less.

30) What can you do for those of us who don't qualify for OESP but need help?

There are a number of programs offered by the province and municipalities to support consumers in need of financial help. You might visit the website for the Ministry of Community and Social Services – they provide a listing of support programs.

31) Why are we exporting power at a loss?

- Energy exports is an area outside of the focus of the OEB. The IESO is better qualified to address this questions.

The following supplemental is provided by Sylvia:

When surplus conditions occur, the excess power must be managed in order to maintain system reliability. An effective way to deal with short periods of surplus is through exports – something other jurisdictions also do, allowing Ontario to benefit at times from heavily discounted electricity when our neighbours have surplus – which means we can also buy it when we need it at a reduced price.

Trading electricity allows us to generate revenue while ensuring we have energy resources available if we need more power. According to the Ministry of Energy, Ontario generated \$230 million last year from electricity sales. Revenues totalling \$810 million over the past three years were used to help mitigate Ontario electricity rates.

The following is provided by the IESO, by I suggest you use the answer above.

On Imports and Exports:

- Ontario is connected to a large network of transmission systems across North America, which supports system reliability and economic efficiency. Imports compete against domestic generation to provide electricity at the best possible price and to support the province's needs during periods of high demand. Ontario also exports electricity when economic and to help maintain system reliability.
- Imports and exports of electricity support the reliable management of the grid, allowing energy to flow in when domestic supply is tight, and flow out when there is more energy available than what's required.
- Exports are an effective way to deal with short periods of surplus– something other jurisdictions also do and that when surplus conditions occur, the excess power must be managed in order to maintain system reliability.
- They are an important source of flexibility – an attribute that is increasingly valuable as diverse sources of new supply come online.
- Hourly exports also allow us to leverage spare capacity and recoup some of the costs of running the power system.
- When surplus conditions occur, the excess power must be managed in order to maintain system reliability.
- The most effective way to deal with short periods of surplus is through exports – something other jurisdictions also do, allowing Ontario to benefit at times from heavily discounted electricity when our neighbours have surplus.
- Electricity trade, like other types of trade, also allows Ontario to import power when it is available at a lower price elsewhere. In addition, trading with other jurisdictions provides Ontario generators with a broader marketplace in which to sell power that's not needed at home.

- Electricity trade serves Ontario well, reducing overall costs for Ontario consumers and bringing greater competitiveness to our province's electricity sector.
- Exporting our surplus baseload generation is one way in which manage our surplus baseload generation, which we do economically and to the benefit of our interconnections and the province.