

Ministry of Energy

Ministère de l'Énergie

Office of the Minister

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Sessional Paper No. 11

Petition related to affordable and reliable electricity. (Sessional Paper No. P-11), Ms. Jones (Tabled March 30, 2015); Ms. Jones (Tabled April 2, 2015); Ms. Jones (Tabled April 13, 2015); Mr. McDonell (Tabled April 15, 2015).

Our government is ensuring a clean, reliable and affordable electricity system for all Ontarians. We are modernizing an electricity system that needed to be fixed. Over the past decade, we have made the critical investments that are needed in order to achieve this.

We continue investing in Ontario's electricity infrastructure to modernize it and make it cleaner and smarter. Ontario has eliminated coal as a source of electricity production and is moving to cleaner forms of energy.

Our government is working hard to help Ontarians manage their electricity costs. We have taken action to reduce overall electricity system costs by:

- Renegotiating the Green Energy Investment Agreement with Samsung, reducing contract costs by \$3.7 billion.
- Reducing Feed-In-Tariff (FIT) prices, saving \$1.9 billion.
- Deferring the construction of two new nuclear reactors at Darlington Generating Station, avoiding an estimated \$15 billion in new construction costs.

The cost of electricity is lower, and will increase at a lower rate, than we forecast four years ago.

The forecast for residential bills indicates an annual average increase of 5.1% per year from 2015 to 2019 inclusive. From 2015 to 2032 inclusive, the forecast for residential bills indicates an annual average increase of 2.2 %, which is in line with neighbouring jurisdictions.

The industrial electricity rate is projected to increase on average by 2.6% per year in the short from 2015 to 2019 inclusive, and by 1.7% per year from 2015 to the end of 2032 term.

Over the forecast period, the average annual increase in consumers' costs is generally in line with expected inflation, which averaged 1.8% over the last ten years (2005-2014).

Residential Customers:

Smart meters have enabled time-of-use (TOU) pricing – the price we pay for electricity now better reflects the cost of producing it at peak and off-peak times. With TOU, customers have the ability to better manage their costs by reducing or shifting their consumption to off-peak times when electricity is less expensive to produce. Studies show that TOU is working – residential consumers have reduced usage in peak periods in the summer between 2.3 and 3.3 per cent.

Additionally there are measures currently in place to help residential customers include:

- the Ontario Clean Energy Benefit (scheduled to end December 31, 2015)
- the Northern Ontario Energy Credit
- the Ontario Energy and Property Tax Credit
- the Low-Income Energy Assistance Program
- the saveONenergy for Home conservation program
- natural gas conservation programs offered by Enbridge Gas and Union Gas

To help ease pressure on ratepayers, the government is moving forward with a plan to remove the cost of the Debt Retirement Charge from residential electricity bills after December 31, 2015. This would save a typical residential electricity ratepayer \$70 per year.

The government also announced the Ontario Electricity Support Program (OESP), a new proposed initiative which would provide on-going assistance directly on the bills of eligible low-income electricity consumers starting January 1, 2016. For example, qualifying individuals could be eligible for a \$20 to \$50 monthly credit based on household size and income. The OESP would likely result in an increase of about 70 cents a month for a typical residential customer in 2016.

Industrial Customers:

Measures in place to mitigate industrial electricity prices include the:

- Industrial Conservation Initiative (ICI)
- Northern Industrial Electricity Rate Program (NIERP)
- Industrial Electricity Incentive (IEI)
- Industrial Accelerator Program
- Demand Response initiatives
- saveONenergy for Business conservation program for commercial and industrial consumers

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Ontario has also developed a Five-Point Small Business Energy Savings Plan to help mitigate electricity rate increases for small businesses by offering enhanced conservation programs. In partnership with Local Distribution Companies and key agencies, the plan is helping small businesses conserve energy, manage costs and save money.

Our government continues to work with the sector, including agencies and distributors, to find efficiencies and, reduce costs to benefit ratepayers.

The Honourable Bob Chiarelli
Minister