



Ontario's Fair Hydro Plan Aims to Reduce Electricity Bills by 25 Per Cent – Government Confirms Adoption of OSPE Recommendation

Following months of consultation between the Ontario Society of Professional Engineers (OSPE) and Ontario Ministry of Energy officials, the provincial government [announced meaningful steps to address residential electricity affordability](#). Heeding the advice of Ontario's engineers, the Government of Ontario revealed its strategy to reduce electricity bills by an average of 25 per cent^[1] for residential consumers.

According to this plan, Ontarians can expect to see reductions on their bills beginning in June 2017. The reduced price-point will be capped at the rate of inflation for the first four years, and will be subject to review thereafter.

Ontario's Fair Hydro Plan takes aim at amortization periods for capital investments like generation and distribution infrastructure, and includes the expansion and addition of various affordability programs aimed at assisting low-income, remote and First Nations communities (funded by tax-based accounts that are part of Ontario's general finances). Ministry officials determined that Ontario can afford to extend the repayment period on these assets, reducing the immediate per-bill cost pressures on households.

OSPE received confirmation from Ministry and Premier's Office officials that its recommendation to move costs off ratepayers' bills to prevent the distortion of the true cost of electricity was instrumental to the formulation of this plan.

"While OSPE is pleased with the government's actions to provide urgent relief to ratepayers, a number of other opportunities exist to sustainably reduce costs for all energy consumers," said Michael Monette, P.Eng., President and Chair of OSPE.

In 2016, [OSPE's Energy Task Force presented more than twenty actionable recommendations](#) to reduce energy costs by \$5.5 to \$6.3 billion, a year-over-year savings of nearly 30 per cent for ratepayers.

One such recommendation calls for the establishment of an interruptible retail electricity market, which would limit the curtailment of surplus generation that is currently being exported or dumped at a significant cost to ratepayers. Instead of wasting Ontario's zero-emissions electricity, OSPE believes it should be made available to Ontarians on a voluntary basis at its very low cost of generation. The creation of this market would reduce costs and greenhouse gas emissions for consumers, all while growing Ontario's economy and creating and retaining well-paying jobs.

"OSPE will continue to champion this and other recommendations in consultation with all three political parties, and we welcome ongoing discussions with the Ministry of Energy regarding the formulation of the 2017 Long Term Energy Plan," said Sandro Perruzza, OSPE CEO. "It is critical that the government engage with Ontario's engineers before decisions regarding energy are made."

^[1] 25 per cent is inclusive of the January 1, 2017 rebate of the provincial portion of the HST (8%) from ratepayer's bills.