

Increasing Prices on Electricity Bills

LDCs are responsible and well-managed community companies who make significant economic contributions to the province. They provide value for money to their customers, are financially well-managed, and are environmentally responsible.

Pressure Points on Price

- Regulated Price Plan (RPP) - May 1 to November 1, 2010 –
 - Residential customers on two-tiered RPP - Impact on monthly bill – 8% increase*
 - Residential customers on TOU RPP – Impact on monthly bill – 5.8% increase
- Provincial Benefit (aka Global Adjustment)
- Harmonized Sales Tax (HST) - 8%
- Conservation Assessment Charge (aka Special Purpose Charge)
- Effects of a hot, dry summer on peak demand

* Based on average residential consumption of 800 kWh per month.

Ontario's Distributors – Delivering a Safe and Reliable Supply of Electricity

Local electricity distributors are responsible for delivering a safe and reliable supply of electricity to the communities they serve. Distributors build, operate and maintain essential electricity system infrastructure (poles, wires, transformers, etc.) that delivers power to homes and businesses and helps to build sustainable communities where Ontarians live, work and play.

Ontario's electricity distributors **will continue to make investments in the distribution system to ensure and enhance safety and reliability**, support economic growth in the province, and provide the infrastructure necessary to ensure sustainable distribution systems into the future that residents and businesses can rely on.

There is a lot going on right now in terms of pressure points on customers' bills. A number of factors are contributing to increasing prices. **The majority of the increases are not however, related to distribution rates which account for approximately 22% of a customer's bill.** An aggregated provincial average shows that distribution rates across Ontario have decreased by almost 1% over last year (2009 to 2010).

To date, the **greatest pressure has been on the Regulated Price Plan (RPP) which is set by the Ontario Energy Board, and the Harmonized Sales Tax (HST)** which comes into effect on July 1, 2010 and is mandated by Revenue Canada. These two impacts alone are responsible for projected increases of approximately 16% on a consumer electricity bill.

We are **in the midst of a legislated market transformation to support the development of a "cleaner" energy system** (closing coal plants, increasing renewable energy, increasing conservation practices). To support this transformation, electricity distributors are augmenting their conservation activities, implementing the government's smart metering initiative and, in

some cases, considering community-based renewable generation activities of their own. A cleaner energy system provides numerous societal and public health benefits

For over five years, **local distributors have provided leadership in the delivery of Conservation and Demand Management (CDM) programs and activities.** Under the Green Energy and Green Economy Act (GEA), they will be doing even more to give their customers the tools they need to help them conserve and better manage their energy costs. This includes helping consumers access conservation incentive programs (Great Refrigerator Roundup, ERIP, Power Savings Blitz), get tips on how to conserve/shift electricity and be more energy efficient, and offering programs that will help them reduce their peak electricity usage (*peaksaver* and other demand management programs).

Ontarians expect and demand a high level of service and expect local electricity distributors to be **leaders in environmental stewardship.**

Electricity **distributors will also be investing in the development of a smart grid** to allow for two-way communications for greater comfort, convenience and control of electricity use by customers and to accommodate new emerging technologies (e.g. electric cars). **Smart meters are a precursor to the kind of technologies that will enable the development of a smart grid.**

Data analyzed to date from distributors whose customers have migrated to **Time-of-Use (TOU) rates indicate that the switch to the new pricing regime has resulted in minimal/negligible bill increases.** Those customers are now using TOU rates as a tool to help them better understand and manage their electricity use and costs.