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For Immediate Release

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OEB Issues Reminder on Details of the Recently Announced New Price Plan

Toronto – Earlier this year the Ontario Energy Board announced a new price plan for residential, low-volume and designated electricity consumers in Ontario. The price plan took effect April 1, 2005. In response to public and media inquiries resulting from the unusually high summer temperatures, the Board would like to remind consumers how the plan works.

Under the plan, the price of electricity for eligible consumers is 5.0 cents per kilowatt hour (kWh) for the first 750 kWh they use each month, and 5.8 cents per kWh for electricity used per month over this amount. Starting November 1, 2005, the price threshold – the amount of electricity that is charged at the lower price – will change twice a year for residential consumers. The price threshold will be 1,000 kWh per month during a winter season (November 1st to April 30th). This means consumers will be able to use more electricity at a lower price in the winter when many people need more electricity for light, indoor activities and heating. These prices are reflected on the “Electricity” line on consumers’ bills and remain in effect until April 30, 2006.

The prices of electricity for the first year of the price plan are based on a blend of:

- The regulated prices for Ontario Power Generation’s (OPG) nuclear and baseload hydro facilities announced by the Ontario Government on February 23rd,
- The capped prices for OPG’s other generating assets,
- Existing contract prices for supply from non-utility generators, and;
- The Board’s forecast of electricity prices in the spot market for the first year of the price plan.

All price components of the plan in its first year are fixed except for the spot market prices, which represent 26% of the plan prices.

Wholesale electricity prices fluctuate throughout the year due to demand and supply conditions. However, consumers who are covered by the price plan will continue to pay stable prices throughout the year. The Ontario Power Authority (OPA) is tracking, in a variance account, the difference between the amount that price plan consumers pay for electricity and the amount that is paid to generators. The difference, which could result in either a debit or a credit, will be blended into the calculation for next year’s prices. Beginning in the second year of the plan, prices would be adjusted every six months.

Eligible consumers who decide to leave the price plan early must pay their share of the variance when they leave the plan. The factor used to calculate the variance for an individual consumer is posted regularly on the OEB web site. As of June 30, 2005, the factor is 0.0561 cents per kWh. That means as of today, a consumer who used an average of 1,000 kWh per month and left the plan would pay a one-time charge of \$6.73.

A backgrounder, frequently asked questions and a series of explanatory charts about the price plan are available on the OEB web site at <http://www.oeb.gov.on.ca/html/en/communications/pressreleases.htm>.

Questions regarding the impact of imported electricity should be directed to the Independent Electricity System Operator (IESO).

Questions regarding the variance account should be directed to the OPA.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a healthy and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.

For more information on the Board, please visit our web site at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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