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For immediate release

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OEB Issues Draft Regulated Price Plan Manual

Toronto – Today the Ontario Energy Board issued a draft Regulated Price Plan (RPP) Manual for comment. The Manual follows the release of the proposed new Standard Supply Service Code, issued for comment on January 17, that sets the basic structure of electricity prices under the RPP. The new prices consumers will pay under the RPP have yet to be set.

The draft Manual is intended to help interested parties understand the methodology the Board will use to determine RPP prices. These prices apply to the “electricity” line of consumers’ bills, and do not affect other charges on bills. The Government of Ontario is expected to indicate which consumers are eligible for the RPP in the coming weeks.

Currently most Ontario consumers pay a two-tiered price for the electricity they use. The draft Manual proposes to retain two-tiered pricing for consumers with conventional electricity meters. These consumers will continue to pay one price for the electricity they consume up to a certain volume or threshold and a higher price for any electricity consumed above that level.

For non-residential consumers, the draft Manual proposes to maintain the 750 kWh threshold that exists now. For residential consumers, the 750 kWh threshold will stay in place only until October 31, 2005. As of November 1, 2005, the threshold for residential consumers will change twice a year. The proposed thresholds for residential consumers are 1000 kWh during a winter season (November 1 to April 30) and 600 kWh during a summer season (May 1 to October 31). Consumption at or below these levels would be billed at the lower price. Consumption that exceeds these thresholds would be billed at the higher price.

For consumers with smart meters, the draft Manual also proposes specific hours for time-of-use pricing periods. It should be noted, however, that most Ontario consumers will not have smart meters when the RPP takes effect. Distributors with consumers who do have smart meters installed, or who are currently

conducting smart meter pilot projects, will not be obligated to provide time-of-use pricing to those consumers until April 1, 2006, but may introduce it sooner if they choose. The Government of Ontario has established targets for the installation of 800,000 smart electricity meters by December 31, 2007 and installation of smart meters for all Ontario consumers by December 31, 2010.

Prices set by the Board under the RPP would remain the same for at least a year. After that, to ensure the price consumers pay for electricity reflects the cost paid to generators to produce it, the Board will review the price every six months and adjust it accordingly.

The Ontario Power Authority will hold a variance account for the RPP. This variance account will capture the difference between the actual costs of supplying electricity to RPP consumers and the forecasted costs that the Board has used to set the RPP prices. The draft Manual allows for price adjustments between the scheduled six-month reviews, where necessary, to deal with the effect that unanticipated circumstances could have on prices. These unanticipated circumstances can range from a prolonged outage at a major generator to a very mild winter and can cause an unexpected increase or decrease in the variance account. If such an increase or decrease exceeds \$160 million (about \$40/year or \$3.40 per month per residential customer), the draft Manual proposes a trigger mechanism to automatically reset the RPP prices. These unscheduled price adjustments, if required, would only take place starting in the second year of the new pricing plan. They are primarily intended to protect consumers from substantial price changes at the regularly scheduled times.

The RPP will come into effect as early as April 1, 2005. The Board will announce the prices for the RPP on or before March 15, 2005.

Interested parties have an opportunity to make submissions on the draft Manual until February 17, 2005.

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 or the above announcement, please visit our website at www.oeb.gov.on.ca or contact the Customer Service Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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