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Backgrounder

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About the RPP

Prices set under the Ontario Energy Board's (OEB) Regulated Price Plan (RPP) apply to residential and small business consumers who do not have a contract with an electricity retailer. Both time-of-use (TOU) and tiered RPP prices are set to recover the total cost of supply, regardless of which of these prices (tiered or TOU) distributors use to bill their RPP consumers.

RPP prices are reviewed twice per year and are adjusted as required on May 1 and November 1. They make up about half the total bill and are shown on the "Electricity" line of bills.

TOU pricing

TOU pricing better reflects the cost of electricity supply. Prices in the market rise and fall during the day based on demand and the type of supply available. When demand is lower, less expensive sources of electricity are used. When demand rises, more expensive forms of electricity production are called upon.

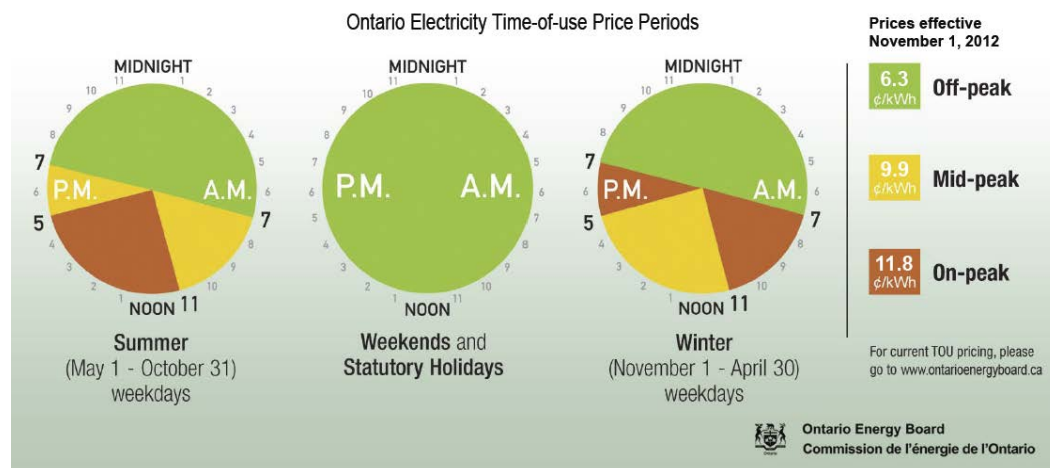
TOU prices take into account when, as well as how much electricity a consumer uses, as recorded by the consumer's smart meter.

Time-of-use pricing is designed to encourage consumers to shift electricity use from high price periods (on-peak) to lower price periods (mid-peak and off-peak).

About 92 percent of RPP-eligible consumers are now paying time-of-use prices.

Those who aren't should check with their utility for information on when TOU pricing will start.

Winter & Summer TOU



View this graphic online:

http://www.ontarioenergyboard.ca/OEB/ Documents/For+Consumers/TOU_prices_Winter.pdf

The TOU price periods change from summer to winter to better reflect seasonal consumption patterns. As such, in the winter season (November 1 - April 30) there are two peak periods, from 7 a.m. to 11 a.m. and from 5 p.m. to 7 p.m., on weekdays, while there is only one in the summer (May 1 - October 31), from 11 a.m. to 5 p.m. on weekdays.

Consumers who are not yet paying TOU prices pay tiered prices, which are changing as follows:

For consumption up to the tier threshold: 7.4 ¢/kWh (↓0.1 cent)

For consumption above the tier threshold: 8.7 ¢/kWh (↓0.1 cent)

The tier threshold increases for residential consumers during the winter period (1,000 kWh per month instead of 600 kWh).

The tier threshold for non-residential consumers remains at 750 kWh throughout the year.

Bill impact

The price change for consumers on TOU pricing is a decrease of approximately \$1.02 on the “Electricity” line, or about 0.8% on the total monthly bill, for a residential consumer with a typical consumption pattern who uses 800 kWh per month.

Residential consumers typically consume about 64% of their electricity during off-peak hours, and about 18% in each of the mid-peak and on-peak periods.

Overall bill changes during the past year remain within the province’s Long-Term Energy Plan cost projections.

What’s affecting prices

The main reason for the decrease in electricity prices is that the actual cost of electricity for RPP consumers during April 2012 through September 2012 was less than the forecast cost that was used to set the RPP prices for that period. The difference has been taken into account in setting the new RPP prices.

Forecasting electricity supply costs and prices

To calculate RPP prices, the OEB forecasts the cost to supply electricity to residential and small business consumers for the next 12 months. These forecasts, which assume normal weather conditions, include factors such as:

- forecast fuel prices such as natural gas and coal;
- supply forecasts from each type of generation (nuclear, hydroelectric, coal, natural gas, etc.); and
- electricity demand or consumption forecast; and
- any variance recovery (the over/under-collected electricity costs) from the previous period.

For more information

RPP prices are one portion of total electricity bills and do not include other charges like delivery. For more information, visit the Your Utility section of the OEB’s consumer website at www.ontarioenergyboard.ca.

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