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Backgrounder

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About the RPP

Both tiered and time-of-use (TOU) prices form part of the OEB's Regulated Price Plan (RPP) and are reflected on the electricity line of residential and small business RPP consumer bills.

The RPP is designed to ensure that the price residential and small business consumers pay for electricity recovers the payments made to generators that supply the electricity they consume. It also smoothes the impact of day to day volatility in the electricity market so that RPP consumers are not subject to constantly fluctuating prices. RPP prices are reviewed twice a year and adjusted as required every May 1 and November 1.

Bill impact (residential consumer using 800 kWh/month)

Monthly change for consumers on TOU pricing (based on typical residential consumption patterns):

- A 3.8% increase, or \$3.96, on the total bill.

Monthly change for consumers on tiered pricing:

- A 6.1% increase, or \$6.12, on the total bill. The seasonal threshold change (from 1,000 kWh/month to 600 kWh/month) accounts for approximately \$2.00 of the increase in the monthly bill.

Though the electricity line on the bill has increased since last May, a comparison of May 2010 and May 2011 shows overall the total bill has remained relatively flat as a result of the introduction of the Ontario Clean Energy Benefit. An average sample bill comparison of May 2010 and May 2011 for RPP consumers using 800 kWh per month is available on our website at:

http://www.ontarioenergyboard.ca/OEB/Documents/Documents/Sample_bill_impacts_May2010-May2011.pdf

Off-peak starting earlier on weekdays

Starting May 1st, TOU off-peak hours on weekday evenings will begin two hours earlier, at 7 p.m. rather than 9 p.m., enabling consumers to take advantage of lower cost electricity earlier.

The shift provides 10 additional hours at the lowest TOU price during an average week. As a result, close to two-thirds of overall electricity consumption is expected to be during the lower cost, off-peak hours.

As of March 31, 2011 there were 4,640,380 installed smart meters and 2,064,312 customers on TOU billing.

It is expected there will be approximately 3 million customers on TOU billing by June 2011, with more being switched to TOU billing over the summer and through the fall.

What's affecting prices

The overall increase in RPP prices is primarily due to:

1. Increased electricity market prices and changes in supply mix

Wholesale electricity prices for RPP consumers are expected to be 3% higher than in the previous forecast, despite a slightly lower natural gas price forecast, primarily due to increasing demand and the change in Ontario's supply mix (i.e., less coal but more natural gas).

2. Changes related to the Global Adjustment

Various costs that contribute to the Global Adjustment are expected to increase; including costs associated with natural gas and renewable electricity generation and increased production levels for OPG nuclear generation, as well as a change in the allocation of Global Adjustment costs between customer classes.

3. The RPP variance account has shifted from being a credit to being a charge

The RPP variance account, managed by the Ontario Power Authority (OPA), tracks the difference between what RPP consumers have paid for their electricity supply based on a forecast versus the actual costs associated with supplying that electricity.

Learn more about electricity prices

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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For more information, please contact:

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