

December 15, 2020

January 2021 Electricity Pricing Changes

On January 1, 2021, new Time-of-Use (TOU) and Tiered prices will come into effect for residential and small business customers under the Ontario Energy Board's (OEB) Regulated Price Plan (RPP).

When the OEB sets RPP prices, it does so based on the forecast cost of supplying RPP customers with the electricity that they are expected to use over the next 12 months. The decrease in RPP prices for January 1, 2021 reflects a significant change in that cost of supply resulting from a decision by the Ontario Government to fund a portion of renewable energy contract costs.

Renewable energy contract costs are currently recovered from electricity ratepayers through the Global Adjustment (GA), and RPP customers pay their share of the GA through the RPP prices set by the OEB. As announced in the [2020 Ontario Budget](#), starting January 1, 2021 a portion of the contract costs for non-hydro renewable generation will be funded by the Province rather than being funded by ratepayers through the GA. This initiative, which is now supported by a regulation, represents a reduction of about \$1.35 billion in the estimated cost of supply for customers over the RPP forecast period of January 1, 2021 to October 31, 2021. The RPP prices set for January 1, 2021 reflect that reduction.

Although RPP prices are decreasing, the impact of the reduced supply costs on the electricity bills of RPP customers will be offset by a reduction in the Ontario Electricity Rebate (OER) from 33.2% to 21.2% also effective January 1, 2021. The OER is a total pre-tax credit that is funded by the Province and appears at the bottom of electricity bills.

The Global Adjustment (GA)

Most electricity generating companies get a guaranteed price for the electricity that they produce. This is the case for Ontario Power Generation Inc.'s nuclear facilities and most of its hydroelectric fleet, whose rates are regulated by the OEB, and for generation facilities that are under contract to the Independent Electricity System Operator. For these generators, the GA represents the amounts payable to them based on the difference between that guaranteed price and the money they earn in the wholesale electricity market. The GA also covers the cost of delivering conservation programs.

All electricity ratepayers have to pay a share of the GA. For residential and small business customers that purchase their electricity from their utility and pay RPP prices, their estimated share of the GA is built into the TOU or Tiered electricity prices that they pay. Other customers, like larger commercial and industrial customers as well as those that have a contract with an energy retailer, pay their share of the GA on top of their electricity price, and the GA appears as a separate line item on their bills.

Understanding electricity bills

Electricity prices are shown on the Electricity line of the bill. This is the cost of the electricity used in the customer's home or small business.

Electricity distributors deliver this power to their customers' homes and businesses, but they are not allowed to earn any profit from the sale of electricity. Electricity distributors, like Alectra Utilities

Corporation or Hydro Ottawa Limited, and electricity transmitters, like Hydro One Networks Inc., recover their operating costs and an appropriate level of return through rates that are approved by the OEB and are reflected on the Delivery line of customer bills. Visit our [Understanding your electricity bill page](#) for a more detailed explanation of the different line items on electricity bills.

TOU customers now have a choice of pricing plans

Residential and small business customers paying TOU prices can choose to switch to Tiered prices. Customers that want to stay on TOU pricing do not need to do anything.

The OEB has a webpage and a new bill calculator to help customers who may be considering a switch from TOU to Tiered pricing. For more information, see oeb.ca/choice

Media Inquiries

Phone: 416-544-5171

Email: oebmedia@oeb.ca

Customer Inquiries – Public Information Centre

Phone: (toll-free) 1-877-632-2727.

Ce document est aussi disponible en français.