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BACKGROUND

Electricity Prices Dropping for Households and Small Businesses Effective May 1

<p>About Electricity Prices</p>	<p>The Ontario Energy Board (OEB) reviews electricity prices for households and small businesses every six months, based on a 12-month forecast. It typically sets new prices on May 1 and November 1 as required to recover the cost of supplying electricity to those customers.</p> <p>These prices only affect households and small businesses that buy their electricity from their local utility and are covered by the OEB's Regulated Price Plan (RPP). Electricity costs make up more than half the total of a typical household bill.</p>
<p>What is the RPP?</p>	<p>The RPP is a pricing approach designed to provide stable and predictable prices for households and small business customers.</p> <p>The OEB sets the price that these customers pay for electricity in a way that reflects the cost of the electricity that they use.</p> <p>Every six months, the OEB forecasts how much it will cost to supply electricity over the next 12 months. It then adjusts the price to match its forecast of costs and demand. It also corrects for any difference between previous forecasts and actual costs.</p>
<p>Bill Impact of New Prices</p>	<p>Starting in May 2017, the total bill will be about \$127 for a typical residential customer using 750 kWh per month of electricity, which is about \$26 or 17% lower than it would have been without the rate mitigation described below.</p>
<p>Reasons for Changes</p>	<p>In setting RPP prices for May 1, 2017, the OEB forecast how much it will cost to supply electricity to RPP customers over the next 12 months. Based on that forecast, supply costs would have increased by approximately 3%. However, RPP prices set by the OEB to start on May 1, 2017 are lower relative to what they otherwise would have been.</p> <p>Starting in May 2017, the total bill for that typical residential customer will be about \$127, which is about \$26 or 17% lower than it would have been without the following rate mitigation:</p> <ul style="list-style-type: none"> the 8% rebate, equivalent to the provincial portion of the HST, that has been in place since January 1, 2017;

- the OEB's decision to remove the charge that funds the cost of the Ontario Electricity Support Program (OESP), effective May 1, 2017. However, the OESP will continue to be available to help eligible low-income customers reduce their electricity bills; and
- a portion of the bill reduction announced in the government's proposed Ontario Fair Hydro Plan.

The government has indicated that it intends to introduce legislation that would, if passed, implement the proposed Fair Hydro Plan starting this summer. The OEB will then further adjust RPP prices as needed so that RPP customers receive the full rate relief as legislated.

The table below shows three sets of prices: the existing time-of-use (TOU) prices for RPP customers; what those TOU prices would have been on May 1, 2017 without consideration of the proposed Fair Hydro Plan; and the TOU prices as set by the OEB to start on May 1, 2017, which take into account a portion of the bill reduction announced in the proposed Fair Hydro Plan.

TOU Price Periods	Existing TOU Prices	Forecast TOU Prices without consideration of the proposed Fair Hydro Plan	May 1, 2017 TOU Prices including a portion of the proposed Fair Hydro Plan
Off-Peak	8.7¢/kWh	9.1¢/kWh	7.7 ¢/kWh
Mid-Peak	13.2 ¢/kWh	13.3 ¢/kWh	11.3 ¢/kWh
On-Peak	18.0 ¢/kWh	18.5 ¢/kWh	15.7 ¢/kWh

The government has indicated that, as part of the proposed Fair Hydro Plan, electricity bills will be reduced by 25% on average for households across Ontario starting this summer. Many small businesses and farms will also benefit from this cut.

For more information about Ontario's proposed Fair Hydro Plan, please visit: <https://www.ontario.ca/page/ontarios-fair-hydro-plan>.

Time-of-use Pricing

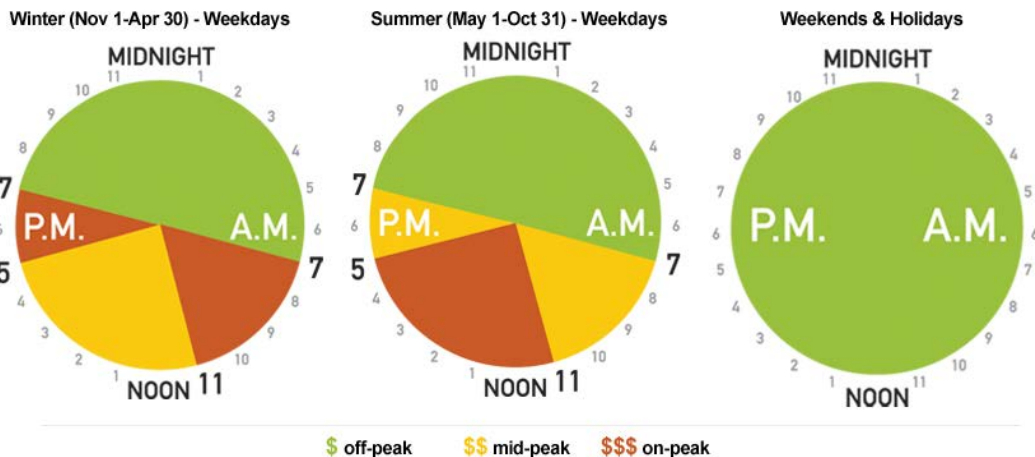
With TOU prices, customers pay prices that generally reflect the cost of supplying electricity at different times of the day.

There are three time-of-use periods – on-peak, mid-peak and off-peak. Prices are highest during on-peak, lower during mid-peak and lowest during off-peak.

TOU prices encourage households and small businesses to use electricity during lower-cost time periods. This can ease pressure on the provincial electricity system, and can also benefit the environment.

Nearly all residential customers and many small business customers on the RPP pay time-of-use prices.

<p>Summer & Winter Time-of-Use Hours</p>	<p>TOU periods are different in the summer than they are in the winter.</p> <p>The difference reflects the seasonal variations in how customers use electricity. During the summer, people use more during the hottest part of the day, when air conditioners are running on high. In winter, with less daylight, electricity use peaks twice: once when people wake up in the morning and turn on their lights and appliances, and again when people get home from work.</p>
<p>Ratio between on/off peak</p>	<p>The TOU prices for each period are set so they collectively recover the costs of electricity used by RPP customers over the course of a twelve-month period.</p> <p>The off-peak price is a little less than half the on-peak price. This encourages customers to conserve power when it costs most.</p>
<p>Why Prices Depend on the Time Electricity is Used</p>	<p>TOU prices are like many cell phone rates. They are cheapest when demand is lowest: during the evenings, on weekends and on holidays.</p> <p>In Ontario, when demand is lower, most of the electricity we use comes from sources of power like nuclear generators and large hydroelectric stations, which are designed to run all the time. This is called “baseload” power.</p> <p>As daytime begins, more people and businesses turn on their lights, appliances and devices. As the increased demand exhausts all available baseload power, the province turns to sources that generally cost more, such as natural gas-fired plants that can be called into action quickly to meet rising demand. Renewable sources, such as solar and wind, contribute to our supply needs when they are available.</p>
<p>Residential Tiered Prices</p>	<p>A comparatively small number of RPP residential customers have tiered pricing because their electricity use is not billed using a smart meter. Some small business customers also pay tiered prices.</p> <p>The changes for these customers are:</p>



	<p>New Tiered Prices for Households</p> <table border="1"> <thead> <tr> <th></th> <th>Summer Threshold*</th> <th>New Summer Price</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>1st Level</td> <td>Up to 600 kWh/month</td> <td>9.1¢/kWh</td> <td>Down 1.2 cents</td> </tr> <tr> <td>2nd Level</td> <td>Everything over 600 kWh/month</td> <td>10.6¢/kWh</td> <td>Down 1.5 cents</td> </tr> </tbody> </table> <p>* The threshold for small businesses stays at 750 kWh/month all year.</p>		Summer Threshold*	New Summer Price	Change	1 st Level	Up to 600 kWh/month	9.1¢/kWh	Down 1.2 cents	2 nd Level	Everything over 600 kWh/month	10.6¢/kWh	Down 1.5 cents
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<p>Setting Electricity Prices</p>	<p>The OEB estimates how much it will cost to supply households and small businesses in the province with electricity for the following year. It takes many factors into account when doing this estimate, including:</p> <ul style="list-style-type: none"> • The amount of electricity those customers are expected to use • The projected price of fuel during that time – e.g. natural gas • The types of electricity that will be available (i.e. how much nuclear, hydroelectric, natural gas, renewable), and at what cost • The accuracy of previous projections <p>The OEB then sets prices for each of the three TOU periods. The prices are set to recover forecast costs while providing incentives and opportunities for customers to shift their time of electricity use and reduce their bills.</p>												
<p>The Typical Residential Customer</p>	<p>To illustrate the impact of price changes, the OEB defines a typical residential customer as a household that uses 750 kWh per month, with a typical consumption pattern. This definition is based on a recent study of average consumption levels in the province over a number of years. For more information please see: Report of the Ontario Energy Board Defining Ontario's Typical Electricity Customer.</p>												
<p>For more information</p>	<p>For more information, please visit the OEB's website at www.oeb.ca</p>												

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