



## Ontario Energy Board

# NEWSLETTER

The Ontario Energy Board (OEB) has developed this newsletter to help consumers – residential consumers, small businesses and others who are considered low-volume users of electricity – learn more about the province's electricity sector and their options for buying electricity.

## OPTIONS FOR BUYING YOUR ELECTRICITY

You have the option of buying the electricity you use in one of three ways. This is where you, the consumer, can make a choice.

- The options discussed in the box to the right only relate to the "Electricity" line of your bill – the electricity you use for heating, lighting, air conditioning, running appliances and so on. Even if you choose to sign with an electricity retailer or pay spot market pricing, your utility will continue to charge amounts for the "Delivery", "Regulatory" and "Debt Retirement Charge" lines on your bill.

- Along with most consumers served by utilities, you are automatically part of the first option – the Regulated Price Plan – unless you choose one of the other options.

- If you are on the Regulated Price Plan you are charged a regulated stable price for the electricity you use. These prices are set by the OEB based on a forecast of the expected cost to supply Regulated Price Plan consumers over a set period of time. The prices that are currently in place came into effect on April 1, 2005, when the plan was introduced, and will not change until the spring of 2006. When the amount paid by consumers on the Regulated Price Plan differs from the amount actually paid to generators, the difference is tracked in a variance account. The difference will be incorporated into future Regulated Price Plan prices to be set by the OEB for consumers that remain on the plan.

One way is through the **Regulated Price Plan**, where you are charged a regulated price per kilowatt hour (kWh) by your utility for the electricity that you use.

Another way is through an **electricity retailer**, where you pay the price per kWh as agreed upon by you and the retailer in the contract you sign.

A third way, only available if you have an interval meter, is through **spot market pricing**, where you pay actual wholesale market prices for electricity which change every hour.

*Fact sheets on these options and other topics can be found on the OEB's Web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca)*

If you choose to leave the Regulated Price Plan, the difference needs to be settled. You will either receive a credit or need to pay a charge when you leave the plan.

- Much of the electricity you use is produced by generators who are paid prices that are fixed or capped by regulation or under contract. This means that, if you are a Regulated Price Plan consumer, you are paying a 'blended' electricity price and are protected to some extent (about 50%), but not completely, against the higher fluctuating electricity prices in the wholesale spot market.

## ELECTRICITY THRESHOLD CHANGED ON NOVEMBER 1<sup>st</sup>

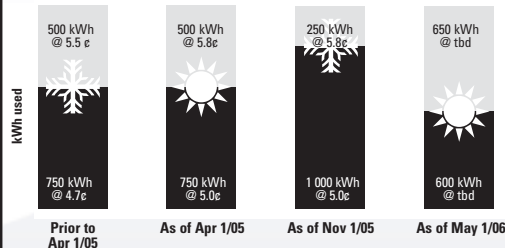
Since April 1<sup>st</sup>, if you are on the Regulated Price Plan, you have been paying 5.0 cents per kWh for the first 750 kWh of electricity you use each month and 5.8 cents per kWh for any electricity you consume above that 750 kWh threshold.

For **residential** consumers, the threshold changed from 750 kWh to 1,000 kWh per month as of November 1, 2005 and will be in effect for the entire "winter season" (Nov. 1 – Apr. 30). The threshold will then drop to 600 kWh for the "summer season" (May 1 – Oct. 31).

For **non-residential consumers**, the threshold remains the same at 750 kWh for all seasons. Visit the OEB's Web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) for more information.

### RESIDENTIAL RATES AND THRESHOLDS BY SEASON

(for a residential customer using 1,250 kWh/month)



The average residential consumer uses under 1,000 kWh of electricity per month

## CONTRACTING WITH A RETAILER

If you choose to sign a contract with an electricity retailer, your bill will look a little different than the bill for a Regulated Price Plan consumer. It will include:

A **Provincial Benefit** line. What is the Provincial Benefit? The Ontario Government has fixed prices for electricity produced by certain generators. These prices may be different from the prices that these generators would have received in the wholesale spot market. The Provincial Benefit is the difference between those two prices. It is a credit to you when market prices are higher than those fixed prices these generators receive. If market prices are lower, it will be a charge to you. By law, the Provincial Benefit applies to you and cannot be transferred to an electricity retailer or any other party.

An **OPG Rebate**. The Ontario Government placed a cap on the amount paid to certain generation facilities owned by Ontario Power Generation (OPG). Consumers will receive a rebate for any revenues from those facilities exceeding an average price of 4.7 cents/kWh. The OPG Rebate applies to

electricity used between the date when you left the Regulated Price Plan and April 30, 2006. On May 1, 2006 this cap will be removed. The OPG Rebate will be payable sometime after that. You are able to transfer the OPG Rebate to an electricity retailer, so you should read the contract before signing to see if you keep the OPG Rebate or if it is transferred to the retailer.

If you buy electricity under the Regulated Price Plan, estimates of the Provincial Benefit and OPG Rebate amounts are already reflected in the stable price for electricity set by the OEB, shown on the "Electricity" line of your bill.

### Considering an electricity retailer? Here are some questions you should ask.

- What is the price being offered?
- How long is the term of the contract?
- Do you offer contracts that differ in length?
- Does the price stated in the contract differ depending on the length of the contract?
- What other fees or charges would I be required to pay?
- Would I be transferring the "OPG Rebate" to your company if I sign?
- Would I be required to pay any charges if I leave before the contract ends? If so, how are these charges calculated?
- When would the contract take effect?
- Do you offer "green power" contracts and, if so, how does the price differ?

## OUR CONSUMER RELATIONS CENTRE IS HERE FOR YOU!

Keep this information handy:

**Toll free:** 1-877-632-2727

**Toronto local:** (416) 314-2455

**E-mail:** info@oeb.gov.on.ca

Reaching the OEB is that easy. We have a dedicated Consumer Relations Centre to answer any questions or concerns you have about electricity or natural gas. The OEB also has a complaint review process for consumers who are experiencing a problem and have been unsuccessful in resolving it with their local utility or electricity retailer.



For conservation tips to help you manage your electricity consumption you can contact your utility or the Ministry of Energy at [www.energy.gov.on.ca](http://www.energy.gov.on.ca) or at 1-888-668-4636.

# 2006 Electricity Rates and Prices

**The OEB is working on new electricity distribution rates and electricity prices to take effect in the spring of 2006. These will be reflected on two lines of your bill.**

- **Delivery:** The "Delivery" line shows the cost of delivering electricity from generators to utilities and then to your home or business. Utilities have applied to the OEB for changes to the rates they charge for delivering electricity to consumers. These rates vary from utility to utility. Applications to change rates are reviewed by the OEB through a public process to determine what costs the utilities may pass on to you and other consumers. The changes to the "Delivery" line will affect all consumers regardless of the option they choose to buy the electricity they use.
- **Electricity:** If you continue to buy electricity through the Regulated Price Plan, the prices you pay for electricity will also change next spring. The current prices you pay (5.0 cents per kWh for electricity used up to the threshold and 5.8 cents per kWh used above the threshold) took effect April 1, 2005. The difference between what consumers have paid and what has been paid to generators is tracked in a variance account. Starting in the spring of 2006 and every six months after that, the OEB will adjust the prices based on a new forecast and by blending the balance in the variance account into prices for the next period.

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.

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The Board's Web site is located at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca)

To reach the OEB Consumer Relations Centre, call: Toll free: 1-877-632-2727 In Toronto: (416) 314-2455