

ELECTRICITY
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REMINDER

3 KEY POINTS
ON ELECTRICITY
RETAILERS



Fall/Winter 2006

Ontario Energy Board

ELECTRICITY PRICE NEWS

The Ontario Energy Board (OEB) has developed the following consumer information to help you better understand changes to your electricity prices as of November 1, 2006.

ELECTRICITY PRICES DECREASE

Regulated Price Plan (RPP) consumers – those consumers who buy their electricity commodity through their utility rather than a retailer – will see a decrease in their electricity prices as of November 1, 2006.

If you are currently buying your electricity from a retailer (or have recently signed a new contract) and are paying the contract price, you will continue to do so.

This decrease affects only the “Electricity” line of your utility bill. Other charges such as “Delivery” will not change.

The RPP price consumers pay will decrease from 5.8 cents to **5.5** cents per kilowatt hour for electricity use up to a certain threshold per month and from 6.7 cents to **6.4** cents per kilowatt hour for consumption above that threshold.

The decrease is primarily due to the larger than expected difference in the actual cost of power used by consumers and what was paid to generators for that power. This difference is tracked in a variance account. Since May 2006, when RPP prices were increased to address the resulting shortfall in the variance account, consumers have paid down that shortfall more quickly than expected.

“...decrease is primarily due to a larger than expected difference in the actual cost of power used by consumers and what was paid to generators...”

The RPP is based on a forecast of expected costs over the next 12 months. While RPP consumers pay prices that more accurately reflect the cost to supply their electricity, the price is smoothed so they don't face fluctuating open market prices. If the cost of supplying electricity differs from what was forecast, the Board may readjust electricity prices accordingly in the next price period.

The cost to supply RPP consumers since May 2006 was lower than expected. That's because natural gas prices were lower than forecast and the amount of electricity produced by nuclear generators was higher than forecast. This was somewhat offset by lower than expected production from large hydroelectric facilities. Natural gas, hydroelectric and nuclear are among the fuel sources used to generate electricity.

The Ontario Energy Board reviews electricity prices every six months and adjusts the prices if necessary.

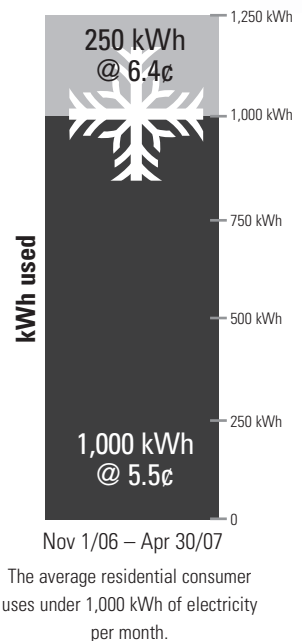
WINTER SEASON THRESHOLD REMINDER

As of November 1st, the threshold for the amount of electricity residential consumers can use at the lower price increases from 600 to 1,000 kilowatt hours per month for the winter season (November 1st to April 30th). This difference recognizes that consumers use

more electricity for lighting and indoor activity in the winter and that some Ontarians are reliant on electricity for their heating source. The summer season residential threshold of 600 kilowatt hours per month is effective from May 1st to October 31st.

The threshold for non-residential RPP consumers remains at 750 kilowatt hours per month for all seasons.

**Residential prices and
Thresholds by Season**
(for a residential customer using
1,250 kilowatt hours/month)



3 key points when buying from an electricity retailer:

As an electricity consumer in Ontario, you can choose to purchase your electricity through a utility or a retailer. Your local electricity utility will always deliver electricity to your household – since it operates and maintains the electricity wires.

When considering a contract with a retailer, remember...

1

The price you pay on the “Electricity” line of your bill is set out in your contract with the electricity retailer and is not regulated by the OEB. Usually the price is fixed for a number of years, but it may change during the term of the contract.

2

Your contract with the electricity retailer only affects the “Electricity” line of your bill. Your utility will continue to charge you for other items such as the “Delivery”, “Regulatory” and “Debt Retirement Charge” lines on your bill.

3

You will have to settle your account if you leave the Regulated Price Plan.

If you switch to an electricity retailer, you will either pay or receive a “final RPP variance settlement amount”. This amount reflects your share of any accumulated variance between the actual price paid to generators and the forecast price paid by price plan consumers. The RPP variance settlement amount is posted on the OEB Web site and updated regularly.

Consumers who remain on the RPP are also responsible for the RPP variance settlement amount, which is incorporated (charge or credit) into the calculation used to set RPP prices for the next period.

TIME-OF-USE RPP PRICES

A few utilities in Ontario have already implemented Time-of-Use RPP prices for their customers with smart meters. The RPP Time-of-Use prices have also decreased as of November 1, 2006.

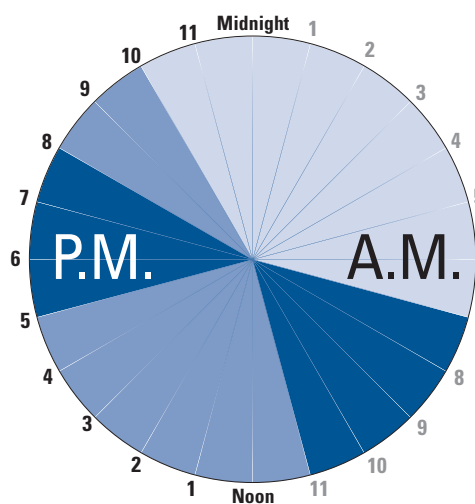
On-peak = 9.7 cents per kWh (previously 10.5 cents)

Mid-peak = 7.1 cents per kWh (previously 7.5 cents)

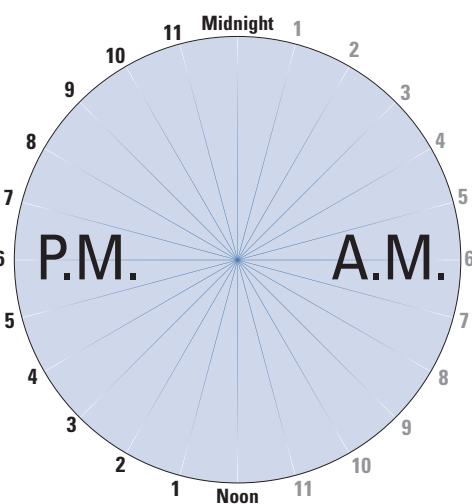
Off-peak = 3.4 cents per kWh (previously 3.5 cents)

While Time-of-Use pricing is not yet mandatory, it is expected to increase in use as the government’s smart meter initiative is rolled out over the next several years. The Ontario Energy Board expects to announce in 2007 when all consumers with smart meters will pay Time-of-Use prices.

Winter – Weekdays



All Weekends



Time-of-Use Periods of the Day

Off-Peak Mid-Peak On-Peak

CONTACTING THE ONTARIO ENERGY BOARD

If you have questions about the electricity or natural gas sector or have a concern with an electricity retailer or utility, you can contact the Board for more information.

Keep this information handy:

Toll free: 1-877-632-2727

Toronto local: (416) 314-2455

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

If you prefer regular mail, please write us at:

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The Board’s Web site is located at www.oeb.gov.on.ca.

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