Question:

In 2016, the total cost of Global Adjustment was about $12.3 billion. This amount was allocated to all electricity customers ranging from residential customers to large industrial customers.

The government's announcement "Refinancing the Global Adjustment" of March 2, 2017 talks about an immediate reduction in the GA of about $2.5 billion per year on average over the first 10 years.

This means that going forward, the total cost of global adjustment (GA) that would be allocated to all electricity customers for recovery would be reduced. Thus each size/class of customer ranging from residential customers to large industrial customers would see a reduction in the GA allocated to them for recovery.

Is my understanding correct?

Response:

We have heard from Ontarians across the province that the costs of these new investments have increased bills too quickly, which is why we are moving forward with a plan that would ensure costs are distributed more fairly over time. We have a plan that significantly reduces rates today and ensures fairness and predictability for tomorrow.

As we invested in renewing our electricity system, we invested in many new generating facilities, most of which operate under 20-year contracts. Through the Global Adjustment (GA) we are covering the costs of those contracts, which means GA has increased in the near term to recover those costs, while eventually stabilizing and declining in the future.

Electricity consumers that are eligible for the Regulated Price Plan (RPP) would benefit from the changes we are making to the GA charge. In order to be eligible for the RPP, annual consumption must be below 250,000 kWh/year or peak demand must be below 50 kW. This includes residential consumers as well as most small businesses and farms.

The average residential electricity bill would be 25 per cent lower when combined with the 8% rebate and the funding of social programs from provincial revenues. Cost impacts are based on a forecast for a household connected to Toronto Hydro that consumes 750 kWh per month. Actual ratepayer savings would vary due to differences in consumption patterns and distribution companies.