Ontario

BACKGROUNDER

Ministry of Energy

Refinancing the Global Adjustment

Refinancing the Global Adjustment (GA) will provide significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.

Global adjustment definition:

The Global Adjustment (GA) varies from month to month, reflecting the contract terms of different electricity generators and costs that these generators recover from the electricity market via the Hourly Ontario Energy Price (HOEP). GA reflects the fixed costs of running Ontario's generation fleet, as well as the cost of conservation programs. The GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available.

Commented [DB1]: Introduce IESO's role here (as mentioned below without context)

Rate Smoothing Mechanism

The majority of the province's electricity generators are under 20-year contracts. Some of these generators will continue to provide value to the electricity system beyond their contract lives. There is an opportunity to recognize the long-term benefit of these assets to the electricity system and "bring forward" that benefit for ratepayers today by deferring some of the current costs. GA refinancing would spread these costs over a longer period and provide immediate ratepayer relief. By recognizing that some generation assets are expected to continue to provide residual benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.

Implementation Approach

Commented [DB2]: This section is a bit short – Set up OPG a bit more – explain how they are being utilized due to their expertise managing financial assets.. etc.

Leveraging the expertise of both companies, the government intends to introduce legislation to enable the IESO and OPG to work together to finance the GA over a longer period of time.

Cost Impacts

Commented [DB3]: Negative framing.

The average consumer could save approximately XX a month for the first five years. 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 electricity distributors.

Commented [DB4]: Include HST rebate " and when combined with the HST rebate…"

For media inquiries only call:

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca 416-325-2690.

Natasha Demetriades, Communications Branch, 416-326-5452
natasha.demetriades@ontario.ca