Ontario

BACKGROUNDER

Ministry of Energy

Refinancing the Global Adjustment

Ontario's fair hydro plan will lower electricity bills by X per cent on average for all residential consumers in the province. Small businesses and farms will also benefit from the initiative, with additional relief for people living in rural areas or on a low income.

Refinancing the Global Adjustment (GA) is part of this plan and is a fair, responsible way to ensure bills are reduced while ensuring a clean, reliable electricity system.

Ontario has invested more than $50 billion in modernizing, rebuilding, and cleaning up the electricity system since 2003. These costs are financed through a mechanism known as the Global Adjustment (GA). The GA includes costs associated with building electricity generating capacity such as power plants, as well as conservation programs.

In financing these costs through the GA, the province originally spread them out over a period of 10 – 20 years. This meant that new electricity infrastructure would be paid off sooner, but ultimately caused bills to rise sharply.

Recognizing that many of the electricity generating facilities that have been built are expected to operate past their contract life, meaning they will be available for future generations to use, the province is refinancing the GA, akin to renegotiating a mortgage, and setting a longer term of X years. This shares the cost burden more fairly.

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.

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