Q&A Response – Electricity Export Policy
July 12, 2017

Q1: What is the feasibility of stopping all electricity exports?

Ontario imports and exports electricity with neighbouring jurisdictions in Canada and the USA, as part of the regular operation of the electricity system. Electricity trading provides additional grid reliability and is consistent with our goal of providing a clean, reliable and affordable electricity system for all Ontarians.

Ontario has the ability to export power when it is not needed in the province and to import power when it is cost effective.

Exports generate revenue for the province and help to offset costs that would otherwise be borne by Ontario ratepayers.

Ontario procures generation capacity to meet its domestic needs, in accordance with forecasted demand levels. In order to ensure our electricity supply is reliable, the system must be planned to ensure we will have enough supply to meet projected peak demand, plus a reserve of additional capacity which ensures reliability in case of generator or transmission outages, demand spikes due to extreme weather, or any other unanticipated events.

Investment in adequate generating capacity is necessary to maintain a reliable supply for Ontario homes and businesses; however, fluctuations in supply and demand can lead to excess generating capacity from time to time.

- Since 2003, Ontario has moved from being a net importer to a net exporter, as a result of procuring new generating capacity to restore reliability and replace coal-fired capacity.

- As we proceed with nuclear refurbishments, our current surplus is expected to decrease.

Normal market mechanisms to mitigate surplus conditions include wind curtailment, nuclear manoeuvers, and export scheduling. Exports are scheduled on an hourly basis when it is economic for both Ontario and the importing jurisdiction.

Ontario also imports a significant amount of electricity on the Ontario wholesale electricity market as part of the regular operation of our electricity system. These imports compete with domestic sources, allowing the least expensive resource to supply electricity to the system.

Q2. How much of these exports could be used in Ontario? How much would simply need to be curtailed?

Ontario currently has a robust supply of electricity to meet its domestic needs.

Ontario exports to our neighbours when we have available power and we are able to rely on imports of power from our neighbours when it is cost effective.

As we proceed with nuclear refurbishments, our current surplus is expected to decrease.

Ontario already has a program in place that allows large electricity consumers to access low-cost electricity in off-peak hours. Participants in Ontario's Industrial Conservation Initiative (ICI) pay the wholesale price for electricity during the off peak hours when surplus generation is more likely to occur.

Q3. What would the impact of using exports in Ontario or curtailment be on ratepayers?

Electricity imports and exports are an important aspect of Ontario's supply mix and help maintain a reliable, cost-effective and competitive electricity system.

Exports generate revenue for the province and help to offset costs that would otherwise be borne by Ontario ratepayers.

Most of Ontario's baseload electricity is produced by generators that cannot cease production easily in response to short-term changes in demand. The ability to export therefore gives generators an opportunity to recover some of the costs of maintaining their facilities.

In addition, exporters are charged an export transmission tariff, which is paid to Ontario transmitters for using Ontario's transmission system.

If we had not produced the power we exported, costs to domestic consumers would be higher because there would be no contribution from neighbouring jurisdictions towards Ontario's fixed costs.

Q4. Why doesn't the government renegotiate contracts?

Our investments in the electricity system help ensure that Ontarians can continue to enjoy a reliable supply of electricity as the province proceeds with the retirement of Pickering and the refurbishment of the remaining nuclear fleet at Bruce and Darlington.

As we enter the nuclear refurbishment period, our current surplus is expected to decrease.

The Independent Electricity System Operator (IESO) negotiated changes to its wind contracts to save ratepayers money. Under the renegotiated contracts, wind generators will not get paid, up to a fixed number of hours, when IESO determines that the power is not required.