

Ministry of Energy

Office of the Minister

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Mr. Alan Chan
darkware98@yahoo.com

Dear Mr. Chan:

Premier Kathleen Wynne has forwarded your message regarding delivery charges. I appreciate hearing your concerns.

The government has been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills. We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we are moving forward with a plan that would ensure the costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan includes measures to lower electricity bills by 25 per cent on average for residential consumers and hold increases to the rate of inflation for four years. As many as half a million small businesses and farms will also benefit from the reduction. The plan reflects the refinancing of a portion of the Global Adjustment (GA), the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues, and the eight per cent rebate introduced in January.

Electricity consumers eligible for the eight per cent rebate are also eligible for the GA refinancing. This includes facilities that are eligible for the Ontario Energy Board's Regulated Price Plan, i.e., who have an electricity demand of no more than 50 kilowatts or an annual consumption of no more than 250,000 kilowatt-hours.

Ontario's Fair Hydro Plan includes measures to benefit consumers who are not eligible for GA refinancing. The shifting of cost recovery for electricity support programs from ratepayers to the tax base will benefit consumers of all sizes, and is expected to lower regulatory charges for everyone by approximately \$3 per megawatt-hour.

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I understand that you are concerned about being charged delivery charges, despite your unit being disconnected. First, I would like to provide a summary of delivery charges. The delivery charge includes transmission and distribution charges, as well as a charge for distribution loss adjustment:

- Transmission charges cover the costs of transporting electricity over long distances from generating stations to local distribution facilities. These charges vary based on your consumption during a billing period.
- Distribution charges cover the costs of transporting electricity from a local utility to a consumer's home or business. These charges include a fixed component that covers such things as meter reading, billing and account maintenance, and general utility operations, as well as a variable component that is determined by the amount of electricity consumed. The fixed portion of this charge applies even if no electricity is used.
- Loss adjustment: When electricity is delivered over a power line or through a transformer, it is normal for a small amount of power to be consumed, or lost, as heat. In calculating your electricity costs for the billing period, your utility multiplies your electricity usage by an approved adjustment factor that accounts for those losses. This cost varies based on the amount of electricity you use.

All electricity utilities in Ontario are regulated by the Ontario Energy Board (OEB), the independent regulator of electricity and natural gas distribution utilities in Ontario. The OEB sets the delivery rates charged by Ontario's electricity distributors. As the regulator, the OEB also enforces rules and codes of conduct for the entities it regulates, including rules with respect to timing of disconnection and the fees that are permitted to be charged with respect to disconnection and reconnection.

Based on the information provided in your letter, it is unclear whether your service provider is a local distribution company or a unit submeter provider. The rules are specific to each type of a service provider. To determine whether or not the charges on your invoice are appropriate, you may wish to contact the OEB's Consumer Relations Centre toll-free at 1-877-632-2727. Alternatively, you could visit the OEB's website and complete the Consumer Online Enquiry and Complaint Form at www.oeb.ca/consumer-protection/make-complaint.

I hope this information is helpful. Thank you again for writing.

Sincerely,

Glenn Thibeault
Minister

c: Hon. Kathleen Wynne, Premier