

Ministry of Energy

Ministère de l'Énergie

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Sessional Paper No. P-204

Petition related to the Global adjustment rate for non-profit associations (Sessional Paper No. P-204), Mr. Pettapiece (Tabled June 2, 2015).

Ontario is building a clean energy future that provides a balanced mix of resources – we've phased out dirty coal-fired generation, while we invest in our hydro, natural gas, nuclear and non-hydro renewable assets. We are working hard to minimize the impact of these investments and help Ontarians manage their electricity costs.

The government's 2013 Long Term Energy Plan (2013 LTEP) features a projection of residential electricity prices for a twenty year period. The expected percentage bill increases for residential consumers would be roughly similar to the increases expected for municipal organizations such as curling clubs.

The forecast for residential bills indicates an annual average increase of 5.1% per year from 2015 to 2019 inclusive. In the longer term, from 2015 to 2032 inclusive, the forecast for residential bills indicates an annual average increase of 2.2 %, which is in line with neighbouring jurisdictions.

Compared to 2010 LTEP, residential consumers can expect to pay about \$9/month less on average between 2015 to the end of 2019, and \$18/month less on average between 2015 to the end of 2030. Compared to LTEP 2010, residential consumers can expect to pay about \$530 less over the next five years (to the end of 2019) and \$3,500 less to the end of 2030.

A portion of the electricity sector costs in Ontario are recovered by a mechanism called the Global Adjustment, or GA. Apart from recovering costs, GA is also charge paid by all electricity consumers in Ontario (i.e., it is included in the "Electricity" line on bills for consumers that participate in the Ontario Energy Board's Regulated Price Plan). The GA has been successful in ensuring that capacity is in place to deliver a reliable supply of energy.

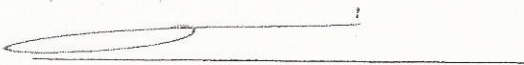
The vast majority of electricity generators in Ontario are contracted by the Independent Electricity System Operator (IESO) or regulated by the Ontario Energy

Board (OEB). These generators are generally paid fixed prices for their output or have contractual minimum revenue requirements to cover their fixed costs.

Wholesale market prices are frequently insufficient to pay for these fixed prices and costs so the excess is collected through the GA. The cost of Ontario's conservation programs are also recovered via the GA. The GA does fluctuate considerably from month to month, however, the all-in commodity price is reasonably stable over time.

The costs that are recovered by the GA have to be recovered, either by the GA or by some other means. Any changes that are made to the allocation of GA costs in order to reduce bills for municipal or non-profit organizations would increase bills for other consumers.

Our government continues to work to find efficiencies and reduce costs to benefit ratepayers.



The Honourable Bob Chiarelli
Minister