

Create a Long-Term, Competitive, Transparent, and Accountable Energy System in Ontario
MISSISSAUGA BOARD OF TRADE, TIMMINS CHAMBER OF COMMERCE, AND WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Please select which category from Emerging Stronger best represents your issue

Identifying, championing, and strategically investing in our competitive advantages in the global economy

ISSUE

A long-term strategy for an affordable energy supply is needed for Ontario, whose current costs and Global Adjustment fees lack transparency. Its ongoing competitiveness would benefit from a regulatory regime that contributes to economic growth, particularly in light of lower energy prices in neighbouring jurisdictions.

BACKGROUND

Transparency and competitiveness in the pricing and delivery of electricity are important a significant portion of industrial operating costs.⁹ According to a recent Hydro Quebec study of electricity rates in 22 utilities in North America,¹⁰ rates in Ontario were in the top 10 for all categories assessed and in the top 3 for large power consumers.

Presently, there is no long-term energy plan that will ensure Ontario businesses have a competitively priced supply of electricity.

The Long-Term Energy Plan has also estimated that electricity prices will rise by just over 30% (in real terms) between 2010 and 2014.¹¹ The government attributes these cost increases to investments in new renewable energy generation, transmission and distribution upgrades, and improvements to nuclear and gas capacity. However, these costs have not been transparently reflected in the Global Adjustment and other fees, leaving many businesses unclear as to the nature and full extent of the associated costs.

There is also no uniform reliability standard, and only a handful of minimum customer service performance level metrics exist among distribution utilities. Different levels of performance exist across different regions in the province. These barriers hamper

⁹ Energy Costs Having Serious Impact release, May 2011

¹⁰ Hydro Quebec 2012: Comparison of Electricity Prices in Major North American Cities, April 2012 - <http://www.hydroquebec.com/publications/en/>

¹¹ Environmental Commissioner of Ontario report 2010, p. 22

RECOMMENDATIONS

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop a long-term energy strategy to ensure a reliable, modern and efficient supply at rates that enable Ontario businesses to be competitive in a global market.
2. Provide regular public reporting and greater transparency on the costs associated with business energy bills in Ontario, including the allocation and breakdown of Global Adjustment fees, and other costs related to the current energy supply mix.
3. Support the improvement of the performance standards and cost effectiveness of the electricity distribution sector.

ESTIMATED FINANCIAL IMPACT TO THE PROVINCE

Be cost-neutral to the government

OCC COMMENTS

This resolution was reviewed by the Sustainability Committee.