

Bending the Cost Curve of Ontario's Electricity Prices
Submitted by the Timmins Chamber of Commerce
Co-sponsored by the Thunder Bay Chamber of Commerce, the Greater Sudbury Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce
ADOPTED BY THE ONTARIO CHAMBER OF COMMERCE – MAY 2016

Please select which category from the OCC economic vision best represents your issue:

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

Issue:

As the province undertakes development of Ontario's new Long-Term Energy Plan, it must seek to incorporate business input, transparency measures, and other means of addressing escalating costs which currently render it a jurisdiction with one of the highest electricity rates in North America.

Current Situation (Why the issue matters)

At a time where rising electricity prices are consistently reported as the most pressing issue impacting the competitiveness of businesses in Ontario, the provincial government is beginning to undertake development of a new Long-Term Energy Plan (LTEP) for 2017.

As the province's blueprint for "clean, reliable and affordable energy", the LTEP will guide the government's future decisions on this file. The need to include business input as part of the process is key, as a 2015 Ontario Chamber of Commerce report indicates that not only is the province's advertised electricity rate one of the highest in North America, but industrial customers' bills were forecast to increase by 13 percent over the next five years; rates for small businesses are predicted to climb by 25 percent over that same period.

Greater transparency around these costs is also required in order to render government more accountable on any related decision-making: businesses remain unclear as to the nature and full extent of costs for such items as the Global Adjustment, as well as Ontario's annual average electricity prices.

However, the provincial government has taken some positive steps to address these and other issues, including an announcement in the 2015 budget of tax measures designed to incent voluntary consolidation of local distribution companies. As consolidation will help achieve economies of scale and improve access to capital, the effectiveness of these tax measures should be measured, with an eye on maintaining those with demonstrated success.

RECOMMENDATIONS:

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

1. Incorporate business input into the development of the new Long-Term Energy Plan as an opportunity 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 annual average electricity prices, the allocation and breakdown of Global Adjustment fees, and other costs related to the current energy supply mix.
3. Evaluate existing tax exemptions and other incentives designed to encourage voluntary consolidation of local distribution companies with the goal of extending those which have achieved their intended purpose.