

LONG-TERM COMPETITIVENESS, TRANSPARENCY, AND ACCOUNTABILITY FOR ONTARIO'S ENERGY SYSTEM

**Submitted by: Windsor-Essex Regional Chamber of Commerce,
Mississauga Board of Trade, and Timmins Chamber of Commerce
Adopted by the Ontario Chamber of Commerce - May 2013**

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.

Current Situation

Transparency and competitiveness in the pricing and delivery of electricity are important issues for Ontario's business community, as energy now represents a significant portion of industrial operating costs.¹ According to a recent Hydro Quebec study of electricity rates in 22 utilities in North America,² 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 government's current Long-Term Energy Plan has also estimated that electricity prices will rise by just over 30% (in real terms) between 2010 and 2014.³ 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 Ontario's ability to sell itself abroad or retain competitive businesses.

RECOMMENDATIONS:

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

¹ Energy Costs Having Serious Impact on the North's Economy, Federation of Northern Ontario Municipalities press release, May 2011

² Hydro Quebec 2012: Comparison of Electricity Prices in Major North American Cities, April 2012 - <http://www.hydroquebec.com/publications/en/>

³ Environmental Commissioner of Ontario report 2010, p.22

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.