

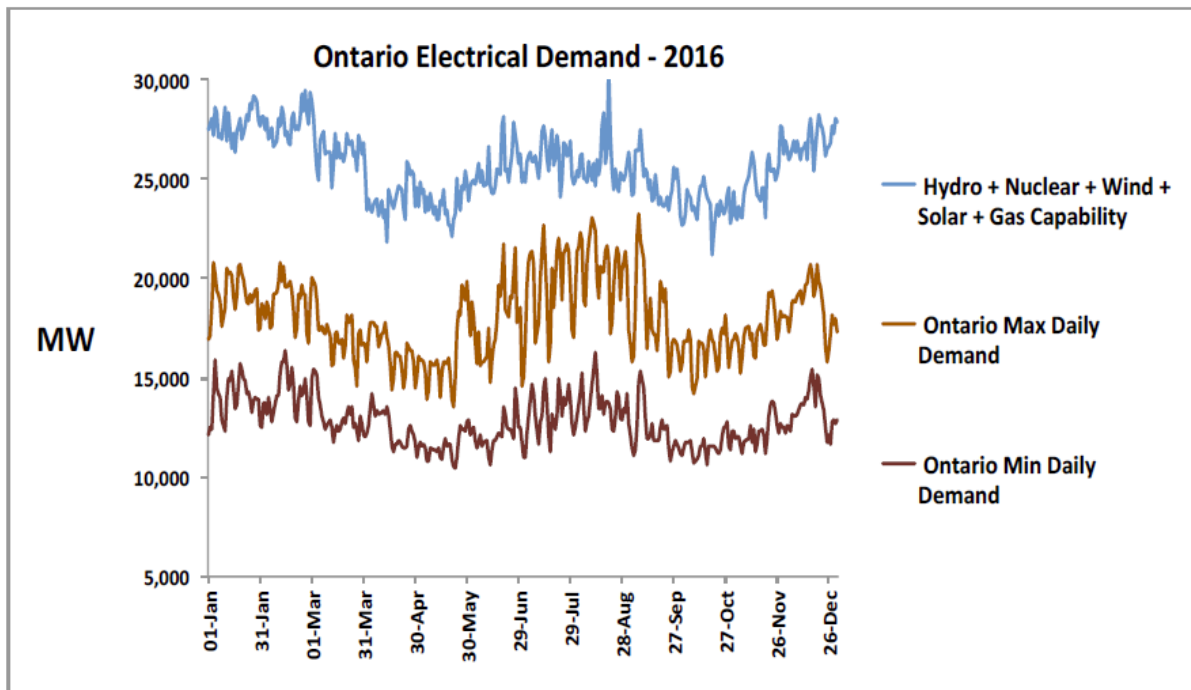
Ontario Electrical Energy Prices Explained

Ontarians pay more for power than any other province in Canada. This is a result of many policy changes made over the last 10 years. In this article we are going to discuss how we got here and how high electricity prices actually are.

How we got here:

Essentially, the quick answer to this is: policy changes, upgrading infrastructure, and signing fixed long term agreements with private energy companies. The two cancelled gas plants did drive up rates a bit, it's not very significant in the grand scheme of things.

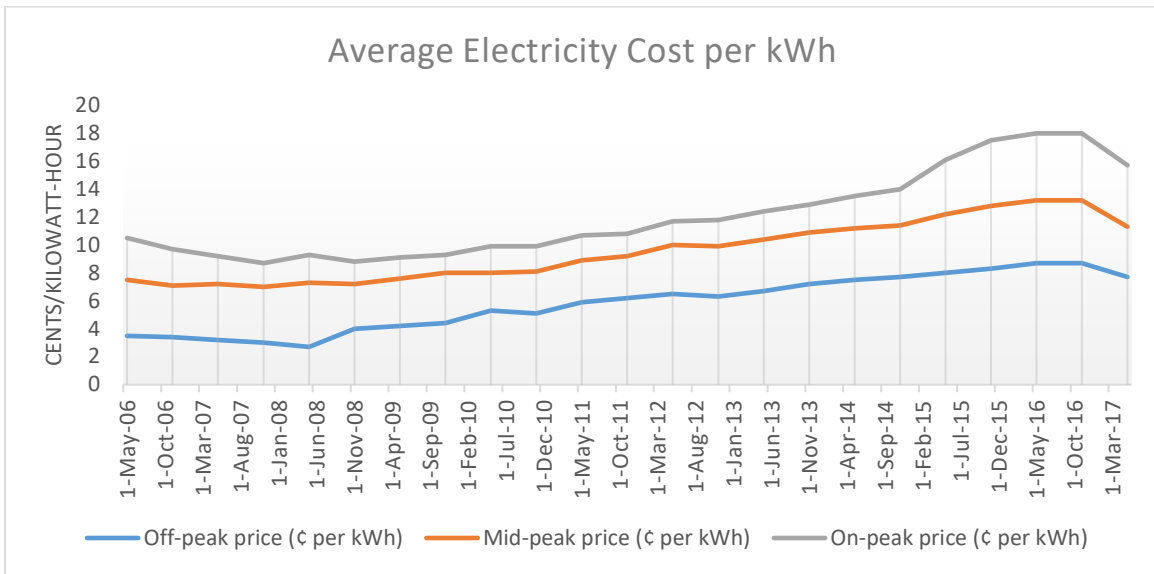
Policy changes were aimed at eliminating coal plants and significantly reducing carbon dioxide emissions, improving lighting, appliance and insulation efficiency standards, peak demand reduction, energy conservation programs, and refurbishing nuclear units. Ontario's Policies led to an 80% reduction in CO₂ emissions by 2016 when compared to 1990 levels – this is way ahead of the 2050 international goal. All this, coupled with the 2008 recession reducing demand growth resulted in significant excess capacity. So much excess capacity that surplus electricity is exported at incredibly low rates of about 1.6 cents per kWh in 2016 (Source: OSPE).



Source: OSPE

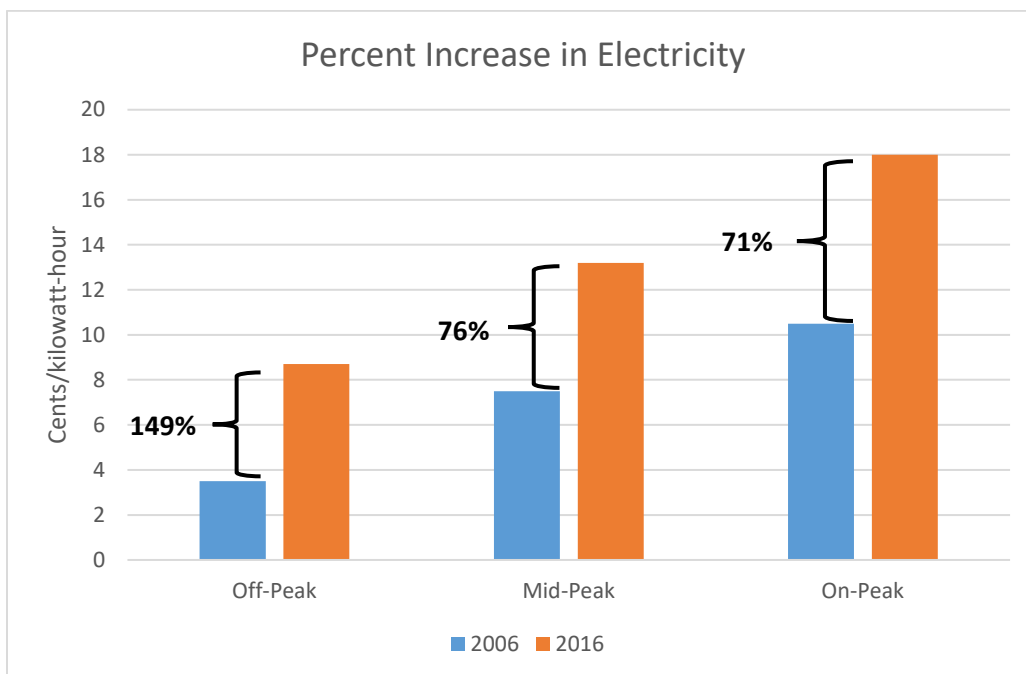
How high are electricity prices?

In 2006, the Ontario Energy Board set the off-peak, mid-peak, and on-peak rates to 3.5, 7.5, and 10.5 cents per kilowatt-hour respectively. Until recently, rates have been steadily increasing until they peaked in late 2016 to 8.7, 13.2 and 18 cents per kilowatt-hour!



Source: www.oeb.ca

Over the last ten years, the rates have increased well over the average rate of inflation. The off-peak rates have increased almost by almost 150%, the mid-peak by 76% and the on-peak by 71%. And although Ontario rates jumped 2x faster than any other North American jurisdiction, as of April 2016, the rates in Ontario are still mid-range when compared to all of the United States, but the highest when compared to the rest of Canada (Source: OSPE).



Source: www.oeb.ca

Where do we go from here?

One of the best solutions is to find uses for the surplus electricity that is being sold off. Whether the surplus electricity is used to offset fossil fuels, or creating other uses for the surplus electricity.

Creating an interruptible retail electricity market in Ontario would help offset costs. By utilizing excess zero emission electricity that would otherwise be lost, you can reduce the use of less clean energy, and continue to offset fossil fuels.

For more on interruptible retail electricity, see [IESO](#)



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