

Ontario Power Generation seeks 9.6 per cent rate hike

Article taken from The Record - <http://news.therecord.com/article/690598>

March 30, 2010

By Keith Leslie

TORONTO — There's more upward pressure on electricity bills in Ontario, which are already set to rise July 1 because of the harmonized sales tax and again when a new energy conservation tax takes effect.

Ontario Power Generation announced Monday it was applying to increase its rates by 9.6 per cent starting next January.

The Ontario Energy Board must still approve the rate hike, which government-owned OPG estimated would add about \$2.75 to the average monthly electricity bill.

If approved, the new rates would remain in effect for two years.

The utility's senior vice president, Bruce Boland, said less than one third of the requested increase is due to higher operating costs.

"The other matter is recovery of deferral account balances that were established at the last rate hearing," Boland said in an interview.

"That represents over six per cent of the (9.6 per cent) increase."

Ontario Power Generation must get rate changes approved by the energy board every two years, but did not ask for an increase last year. Instead, it stretched the current rates for a third year after making \$85 million in internal savings.

"We've done some very extensive soul searching in reviews of our cost structure and found some significant savings over the last few years," said Boland.

"We were able to pass that on through that low rate increase on our base amount of about three per cent."

The board will hold public hearings on the proposed rate hike, likely later this year.

NDP energy critic Peter Tabuns said a 9.6 per cent rate hike would hit consumers hard.

"The reality is we have a very expensive nuclear fleet and that fleet's getting older and they're spending a lot of money on it," Tabuns said.



“Now’s the time to move out of nuclear into efficiency and conservation and renewable power.”

Ontario Power Generation, which operates three nuclear plants, four coal-fired stations, one gas-fired plant and 65 hydroelectric stations, produces about 70 per cent of the electricity used in Ontario.

Last year, OPG received 5.5 cents a kilowatt-hour for its nuclear output and 3.7 cents for its regulated hydroelectric output.

Both are below the rates most consumers pay, which is 5.8 cents for the first 1,000 hours and 6.7 cents for everything above that level.

By contrast, the government’s Green Energy Program offers companies that produce electricity from wind turbines or solar panels up to 80 cents a kilowatt hour for their power.

Just last week, Energy Minister Brad Duguid confirmed the government had quietly introduced a new charge to help cover \$53 million of the Liberals’ conservation and green-energy program.

That is expected to add only about \$4 a year to the average electricity bill. The government hasn’t actually made a formal announcement, so it is not clear when the new charge will take effect although a spokesperson for the energy minister indicated it could be as early as May.

Premier Dalton McGuinty insisted it’s not a tax, but a new fee of 33 cents a month, which he said will fund energy conservation programs.

In July, when the 13 per cent HST takes effect, Ontario electricity consumers will start paying an extra eight per cent on their bills, which previously were exempt from the provincial sales tax.

The Canadian Press

