

Affordable Electricity Pricing

The Issue:

Affordable energy was once the fuel that propelled the strength and prosperity of the Ontario economy. Now, escalating electricity costs have become a headwind that dampens business competitiveness, confidence and long term investment.

Background:

Since 2004, electricity prices in Ontario have increased from a flat rate of 4.7 cents to 18 cents a Kwh during peak rates. This represents an increase of 383% in electricity price increase compared to a 22% increase overall due to inflation rate.

In the 2016 Brantford –Brant Chamber of Commerce survey of members, increasing Energy costs are identified as a key concern that impacts the business community and all citizens.

Businesses that want to invest in productivity, growth and job creation are being forced to allocate resources to pay higher electricity bills. Businesses realize that their employees and families are facing the same challenges and cost pressures at home.

An inflexible electricity system creates gaps between electricity supply and demand often resulting in an oversupply of power that has been exported below market prices to neighbouring jurisdictions. The result is that Ontario businesses pay for high cost electricity for their own use and are inadvertently subsidizing their competitors in other jurisdictions with the supply of cheap electricity.

In December of 2016, the Ontario Chamber of Commerce identified the following key principles in their submission to the 2017 Long Term Energy Plan:

- **Affordability and Competitiveness-** Energy policy needs to understand the linkage between affordable energy and a competitive business community. Affordable energy helps to encourage investment, job creation and growth in our communities.
- **Transparency and Predictability** – there is a lack of ratepayer confidence in the current system design. After experiencing tremendous price shock, ratepayers are confused about the factors that have driven rates to these heights. By focusing on Transparency and Predictability, consumers and business will have a better understanding of what government policies are driving the cost increases.
- **Flexibility and Diversity in Energy Supply** --Flexibility ensures that Ontario has the ability to respond to changing market conditions, more effectively balancing demand and supply.

Our Position:

We strongly support the Energy Policy recommendations of the Ontario Chamber of Commerce. Affordable energy supporting business competitiveness is a fundamental component of Ontario's future economic success. Transparency and Predictability will help restore confidence in the system. Finally flexibility and diversity will result in a system that can quickly respond to changing market conditions.

To read the OCC report, visit www.occ.ca/wp-content/uploads/2013/05/Leading-the-Charge.pdf

Approved by the Board of Directors of the Chamber of Commerce Brantford Brant Feb. 15, 2017