

Understanding the changes in Ontario's electricity bills



Some changes are coming to Ontario's electricity bills, and they could significantly impact your bottom line, as well as your tenants' wallets. The Ontario Clean Energy Benefit is scheduled to end on December 31, 2015, and the debt retirement charge is coming off residential hydro bills. The government is also launching the Ontario Electricity Support Program effective January 1, 2016.

Ontario Clean Energy Benefit

On January 1, 2011, the Ontario government launched the Ontario Clean Energy Benefit (OCEB), which provided residential customers, farms and small businesses with a 10 per cent rebate on the first 3,000 kilowatt hours of electricity consumed per month. The average family of four consumes about 800 kilowatt hours per month, so most consumers would receive the full 10 per cent rebate on their electricity bills, which equals \$6 to \$10 per month. The rebate applied to electricity charges, delivery charges, regulatory charges, the debt retirement charge and related HST charges. (For more information on the OCEB, refer to the "In the Know" section of the magazine.)

The OCEB is ending on December 31, 2015, which means that consumers will no longer receive the 10 per cent rebate going forward. However, there is still time for multi-unit rental properties that did not register for the OCEB to do so prior to December 31, 2015 and receive a retroactive rebate on their electricity bills dating back to January 1, 2011.

Some multi-unit rental buildings might still be classified as commercial properties, and have never received the OCEB. To qualify for retroactive benefits, you must submit a self-declaration form to your utility provider, which states that your building is a multi-unit rental property. This form lists the number of suites in your building and enables the utility to properly calculate the OCEB and cap.

"We can help landlords fill out their self-declaration form to make sure that they qualify for the Ontario Clean Energy Benefit," said Shannon Williams, Vice President, CARMA Billing Services Inc. "Eligible customers can receive a credit on their electricity invoice going back five years."

Billing rates

If you own or manage multiple unmetered self-contained units, then you are automatically billed according to the Hourly Ontario Electricity Price (HOEP), which is also known as the Spot Market Price. Completing a

self-declaration form enables you to state the number of separate units being billed by one meter, which makes you eligible to be billed under the Regulated Price Plan (RPP). You might also be eligible for a higher OCEB amount based on the number of declared units.

The Ontario Energy Board sets the commodity rates for the RPP. Residential customers, small businesses, farm customers and other designated customers can purchase power through the RPP. Landlords who own or manage a building with multiple residences, where the building has only one meter, may declare this information to qualify for the RPP for each unit.

"Landlords who currently receive a bulk electricity utility bill tend to accept the rate classification to which they have been assigned," said Williams. "However, there may be advantages to reviewing electricity usage and assessing your billing classification. Being in the proper rate class may result in long-term savings."

It should be noted that new winter electricity prices have come into effect as of November 1, 2015. The new tiered RPP electricity prices are 12.5 per cent higher than last year's winter prices.

Debt retirement charge

The Ontario government established the Ontario Electricity Financial Corporation (OEFC) on April 1, 1999, under the *Electricity Act*, 1998, to manage and retire the former Ontario Hydro's debt and other liabilities, which totalled \$38.1 billion. Ontario Hydro accumulated this debt through building Ontario's electricity generation and transmission infrastructure. Ontario Hydro's assets covered part of this debt, but OEFC still had to manage \$19.4 billion in unfunded liabilities (also known as stranded debt).

To pay for the stranded debt, the OEFC imposed a debt retirement charge (DRC) on all electricity consumers until it is retired. Effective January 1, 2016, the Ontario government is removing the debt retirement charge (DRC) from all residential class users' bills. The typical residential ratepayer will save about \$70 per year. All other electricity users will continue to pay the DRC until the residual stranded debt is retired, which is estimated to occur near the end of 2018. Multi-unit residential buildings can become exempt from paying the DRC by filling out a DRC self-declaration exemption form.

"Filling out the self-declaration form means that you will be eligible for an exemption of up to 1500 kWh per suite of debt retirement charges,"

said Paul Elliott, Director, Billing Systems and Regulations, CARMA Billing Services Inc. "However, if you don't declare, you will continue to be treated as a commercial account, and will continue to pay the debt retirement charge on your bulk utility bill."

Ontario Electricity Support Program

On March 26, 2015, the Ontario Minister of Energy launched the new Ontario Electricity Support Program (OESP). Its purpose is to provide monthly assistance to help low-income consumers pay their electricity bills. Consumers can apply now and start receiving benefits effective January 1, 2016.

Qualified consumers will receive an on-bill credit amount from \$30 to \$50 per month. The OESP is based on household income and the number of people living in the residence. For example, a person who lives alone and earns less than \$28,000 per year will receive \$30 per month, while a home with seven or more people and a total household income of \$39,000 will receive \$50 per month. Some consumers might receive a higher level of assistance, ranging from \$45 to \$75 per month, depending on their electricity requirements. For example, they might have electric heating in their units, or they might use medical devices that require a significant amount of electricity.

"Once a consumer qualifies, they are enrolled in the program for two years, after which they'll need to re-apply," said Elliott. "The credit will be automatically applied to their account each month until which time the two-year term expires, they move or their financial situation changes."

Program funding comes through a per-kilowatt charge on all ratepayers' electricity bills. The Independent Electricity System Operator collects and distributes these funds to utilities, which includes local electricity distributors and sub-meter providers. Utilities then apply the OESP credits to qualified consumers' bills.

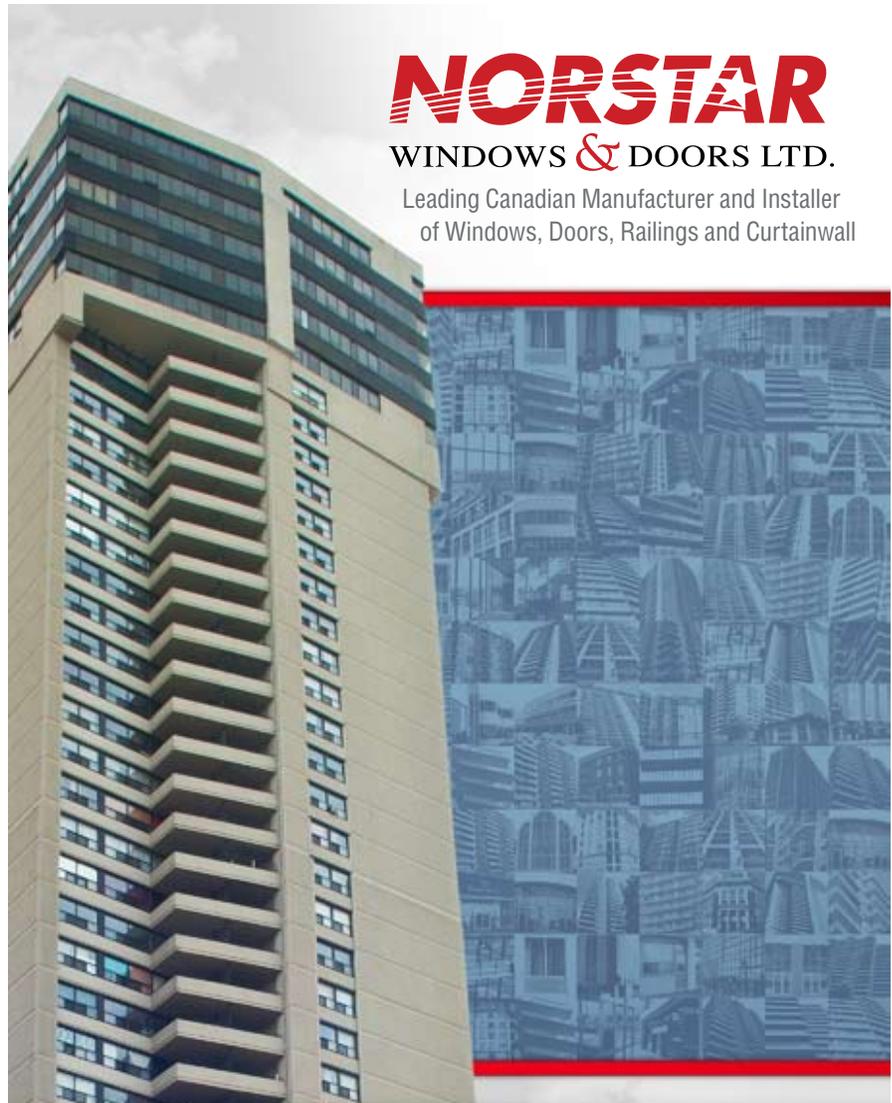
"The OESP can help to reduce consumers' electricity bills," said Williams. "For landlords, the OESP remains cash flow neutral, providing low-income tenants with additional support."

Conclusion

It's important to understand what you are paying on your electricity bills and where your money is going. Consider engaging industry experts to help you with the required paperwork. Being knowledgeable about your rate class and payment options can help you to save money over the short and long

term, and even produce retroactive savings. Work with your utility and billing services provider to make the best decisions about your electricity bill. **RHB**

By David Gargaro, in collaboration with Shannon Williams and Paul Elliott of CARMA Billing Services Inc.



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