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For Immediate Release

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OEB posts May's electricity Regulated Price Plan Variance Settlement Factor

Toronto – The Ontario Energy Board (the Board) released today an updated variance settlement factor that is to be used by electricity distributors to calculate a one-time charge for consumers who choose to stop purchasing electricity through the Regulated Price Plan (RPP). This factor, called the “Final RPP Variance Settlement Factor” is updated on the OEB Web site on or around the 15th of each month.

The factor posted today, 0.5514 cents per kWh, is based on the difference between the amount RPP consumers paid for electricity (for the thirteen month period from April 1 2005 to April 30, 2006) and the actual amounts paid to generators to supply that electricity.

This factor is to be used by electricity distributors to calculate the final payment by consumers who: (1) cancel their utility account and move outside of the Province of Ontario; (2) switch to a retailer; (3) have an interval meter and elect the spot market pricing option; or (4) cease to remain eligible for the RPP.

A consumer who uses 12,000 kWh per year (1,000 kWh per month), and who chooses to leave the RPP, would make a one-time payment of \$66.16 based on the updated factor posted today. For a consumer who uses less electricity, such as 750 kWh per month, the one-time payment would be \$49.62.

Under the RPP, consumers are charged a regulated stable price for the electricity they consume. That price was set by the Board based on a forecast of the expected cost to supply RPP consumers for the year beginning April 1, 2005, when the RPP was introduced. When the RPP price differs from the amount actually paid to generators, the difference is tracked by the Ontario Power Authority (OPA) in a variance account. A forecast of that difference was incorporated into the new RPP prices that were announced by the Board on April 12th and went into effect on May 1, 2006 for consumers that remain on the RPP. For consumers who leave the plan, the difference needs to be settled upon leaving.

The updated factor posted today was calculated using the net balance in the variance account (as of April 30th) of about \$417.2 million, which is \$40 million higher than the balance at the end of February. The net variance balance incorporates estimates of the rebate from Ontario Power Generation (OPG) – the difference between the 13-month revenue limit for some OPG generation facilities and the price they would have received in the wholesale spot market.

During April 2006, the Independent Electricity System Operator (IESO) disbursed the OPG rebate based on actual electricity consumption for the first nine months (April to December 2005). The portion of this rebate allocated for RPP consumers that was forwarded to the OPA by the IESO was less than the estimates previously provided to the Board.

As explained above, the net variance account balance is based on an estimate of the OPG rebate to be allocated to RPP consumers through the OPA. Previous estimates of the rebate allocated 100 percent of the RPP portion to the OPA variance account. However, in some instances the rebate is forwarded to electricity retailers who retain it where an RPP consumer signed a contract and assigned the value of the rebate to the retailer. Any portion of the rebate to which the retailer is not entitled is returned and credited to the OPA variance account. Going forward, the disbursement of the OPG rebate based on actual consumption will occur on a quarterly basis.

While the lower than estimated OPG Rebate increased the variance account balance, the effect has been somewhat mitigated by milder than expected weather during March and April which has contributed to electricity prices in the wholesale spot market that were lower than the prices initially forecast by the Board.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a healthy and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.

For more information on the Board, please visit our Web site at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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