

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto ON M4P 1E4
Telephone: 416 481-1967
Facsimile: 416 440-7656

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26^e étage
Toronto ON M4P 1E4
Téléphone : 416 481-1967
Télécopieur : 416 440-7656



For Immediate Release

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OEB posts January'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, 0.5106 cents per kWh, is based on the difference between the amount RPP consumers paid for electricity (for the nine month period from April 1 to December 31, 2005) 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; or (3) have an interval meter and elect the spot market pricing option.

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 \$61.27 based on the updated factor posted today.

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 in a variance account. That difference will be incorporated into future RPP prices to be set by the Board to go 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 December 31st) of about \$384.0 million, which is \$11.8 million higher than the balance at the end of November. The net variance balance incorporates the estimated rebate from Ontario Power Generation – 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.

Electricity prices in the wholesale spot market during December continued to be higher than prices initially forecast by the Board, principally because of high natural gas prices.

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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For more information please contact:
Paul Crawford
416-440-7607