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## **For Immediate Release**

July 15, 2008

### **OEB posts July'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 credit 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 website on or around the 15<sup>th</sup> of each month.

The factor posted today, -0.2402 cents per kWh, is based on the difference between the amount RPP consumers paid for electricity (for the period from April 1, 2005 to June 30, 2008) 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 or credit for 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 receive a one-time credit of \$28.83 based on the updated factor posted today. For a consumer who uses less electricity, such as 750 kWh per month, the one-time credit would be \$21.62.

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. 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 RPP prices that were announced by the Board on April 11<sup>th</sup> and will be in effect from May 1, 2008 to October 31, 2008 for consumers who remain on the RPP. For consumers who leave the plan, the difference will be settled upon leaving.

The updated factor posted today was calculated using the positive net balance in the variance account (as of June 30<sup>th</sup>) of about \$155.1 million, which is about \$31.3 million lower than the positive balance at the end of May. The net variance balance incorporates estimates of the rebate from Ontario Power Generation (OPG) – the difference between the revenue limit for some OPG generation facilities and the price they would have received in the wholesale spot market.

The principal contributing factors for the decrease in the positive net balance were that the Board included a credit of about 0.3 cents per kWh included in the RPP prices that went into effect on May 1<sup>st</sup> due to the need to draw down the variance account balance over the next 12 months which was a surplus at that time. In addition, electricity prices in the wholesale spot market during this period were higher than the prices forecast by the Board.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a viable 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 website at [www.oeb.gov.on.ca](http://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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