

# Provincial Benefit



## Summary:

The Provincial Benefit accounts for differences between the market price and rates paid to regulated and contracted generators. This adjustment may be a charge or a credit.

## Key Messages:

- This adjustment applies to business customers who pay the spot market price (Hourly Ontario Energy Price) and customers who have signed a contract with an electricity retailer. It appears as a separate line on the customer's bill. Customers who pay the Regulated Price Plan (RPP) through their local utility will not see the Provincial Benefit as a separate line item as it is factored into the RPP rate which is set by the Ontario Energy Board.
- The Provincial Benefit accounts for differences between the spot market price and the rates paid to regulated and contracted generators. As a result, its value may be positive or negative, depending on the fluctuation of the spot market. If the market price for electricity falls, the Provincial Benefit generally goes up, and vice-versa.
- The rate is set to reflect the difference between the spot market price and:
  - The regulated rate paid to Ontario Power Generation's base-load generating stations;
  - Payments made to suppliers that have been awarded contracts through the Ontario Power Authority. These include new gas-fired facilities, wind farms and demand response programs; and
  - Contracted rates paid to Non-Utility Generators.
- The Provincial Benefit over the last few months has increased as the spot market price has been unusually low. For example, the spot market price in the month of April was 1.8 cents/kWh. This has been a result of low demand (due to the economy and the weather) and good availability of generation. The Provincial Benefit has been higher in order to cover the additional costs of the contracted and other regulated generation.
- Once both costs are factored in – the price of electricity has remained reasonably constant.

	January	February	March	April	May	June	July
<b>Spot Market Price</b>	5.32	4.72	2.89	1.84	2.78	2.28	1.90
<b>Provincial Benefit</b>	1.21	0.52	0.95	3.02	3.98	2.79	3.50
<b>Total (¢/kWh)</b>	<b>6.53</b>	<b>5.24</b>	<b>3.84</b>	<b>4.86</b>	<b>6.67</b>	<b>5.07</b>	<b>5.40</b>

- The Independent Electricity System Operator provides monthly updates on the most recent Provincial Benefit Calculations:

[http://www.ieso.ca/imoweb/siteShared/electricity\\_bill.asp?sid=bi](http://www.ieso.ca/imoweb/siteShared/electricity_bill.asp?sid=bi)

- The Ontario Energy Board also offers information about your energy options:

<http://www.oeb.gov.on.ca/OEB/For+Consumers/Your+Energy+Options/Your+Options+for+Buying+Electricity#2>

- Customers who would like to make a complaint can contact the Ontario Energy Board.