

Speaking Truth to Power Pricing

Gord Miller

Environmental Commissioner of Ontario

Ontario Energy Network

November 9, 2010

Overview

- **Perspectives from the “Inside”**
- **Perspectives from the “Outside”**
- **Establishing a basis for public discourse and policy discussion on a factual basis**

The Inside View ... so far

- The electricity management and pricing system is complex ... but sophisticated
- Much of what we have is the integration of widely varying policy regimes over many years
- The system is getting better
- BUT ... it is not yet effective as it must be in promoting conservation

The Inside View ... so far

- **The electricity management and pricing system is complex ... but sophisticated**
- Much of what we have is the integration of widely varying policy regimes over many years
- The system is getting better
- BUT ... it is not yet effective as it must be in promoting conservation

The Inside View ... so far

- The electricity management and pricing system is complex ... but sophisticated
- Much of what we have is the integration of widely varying policy regimes over many years
- The system is getting better
- BUT ... it is not yet effective as it must be in promoting conservation

The Inside View ... so far

- The electricity management and pricing system is complex ... but sophisticated
- Much of what we have is the integration of widely varying policy regimes over many years
- **The system is getting better**
- BUT ... it is not yet effective as it must be in promoting conservation

The Inside View ... so far

- The electricity management and pricing system is complex ... but sophisticated
- Much of what we have is the integration of widely varying policy regimes over many years
- The system is getting better
- **BUT ... it is not yet effective as it must be in promoting conservation**

View from the Outside

- **Energy bills are skyrocketing due to excessive green energy FIT contracts**
 - Last check there was 7 MW of installed microFIT solar – 1200 MW of wind
 - Gas contracts are in the same range and account for far more of the GAM
 - But the basic premise isn't true ...

View from the Outside

- **Energy bills are skyrocketing due to excessive green energy FIT contracts**
 - **Last check there was 7 MW of installed microFIT solar – 1200 MW of wind**
 - Gas contracts are in the same range and account for far more of the GAM
 - But the basic premise isn't true ...

View from the Outside

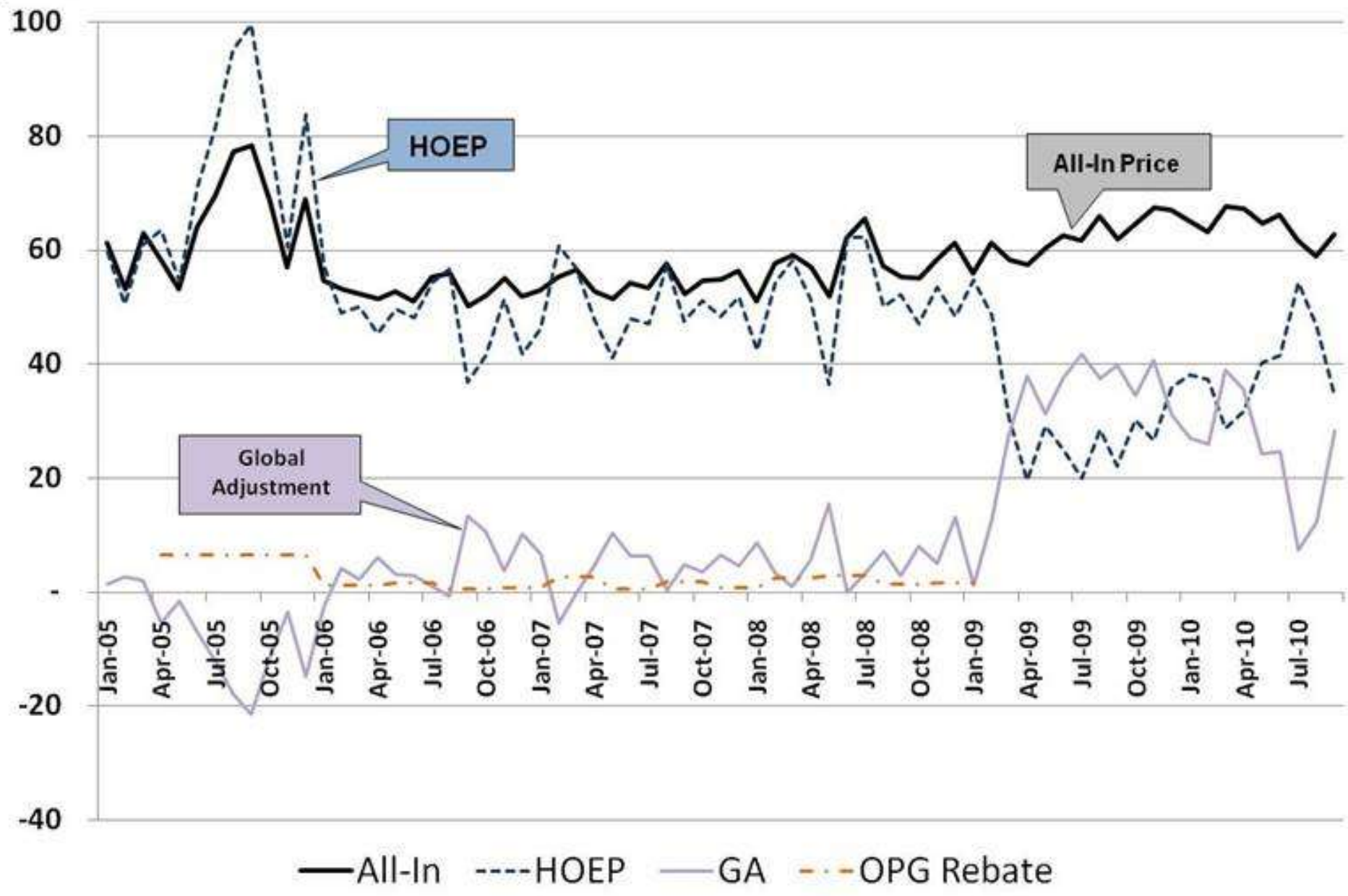
- **Energy bills are skyrocketing due to excessive green energy FIT contracts**
 - Last check there was 7 MW of installed microFIT solar – 1200 MW of wind
 - **Gas contracts are in the same range and account for far more of the GAM**
 - But the basic premise isn't true ...

View from the Outside

- **Energy bills are skyrocketing due to excessive green energy FIT contracts**
 - Last check there was 7 MW of installed microFIT solar – 1200 MW of wind
 - Gas contracts are in the same range and account for far more of the GAM
 - **But the basic premise isn't true ...**

Average Monthly Energy Price

\$/MWh



View from the Outside

- **The market price is the “real” price**
 - Few understand that the GA / Provincial Benefit are integral to the actual price
 - Fewer realize that the price benefits from a legacy of cheap hydro facilities and built nuclear plants (notwithstanding the debt retirement charge)
 - Some understand very well but chose to mislead the public

View from the Outside

- **The market price is the “real” price**
 - **Few understand that the GA / Provincial Benefit are integral to the actual price**
 - Fewer realize that the price benefits from a legacy of cheap hydro facilities and built nuclear plants (notwithstanding the debt retirement charge)
 - Some understand very well but chose to mislead the public

View from the Outside

- **The market price is the “real” price**
 - Few understand that the GA / Provincial Benefit are integral to the actual price
 - **Fewer realize that the price benefits from a legacy of cheap hydro facilities and built nuclear plants (notwithstanding the debt retirement charge)**
 - Some understand very well but chose to mislead the public

View from the Outside

- **The market price is the “real” price**
 - Few understand that the GA / Provincial Benefit are integral to the actual price
 - Fewer realize that the price benefits from a legacy of cheap hydro facilities and built nuclear plants (notwithstanding the debt retirement charge)
 - **Some understand very well but chose to mislead the public**

View from the Outside

- **TOU is a tax which will penalize the old, the shift worker, the poor ...**

Time-of-Use Price Examples

Appliance	Off-peak 5.3¢ per kWh	Mid-peak 8.0¢ per kWh	On-peak 9.9¢ per kWh
	Clothes dryer (1 load)	12¢	18¢
Clothes washer (1 load/hot wash)*	41¢	62¢	77¢
Clothes washer (1 load/cold wash)	6¢	9¢	11¢
Dishwasher (1 load)*	19¢	29¢	36¢

**Cost of electric water heating included.*

Prices shown are as of May 2010 and reflect only the cost of electricity on your bill. They do not include delivery, regulatory or other charges.

View from the Outside

- **TOU is a tax which will penalize the old, the shift worker, the poor ...**
 - **If you were somehow able to use 1000 kwh of electricity during the peak time over present rates it would cost you less than \$1 a day – at the off peak rate you would save about \$0.50 per day**

Speak Truth to Power Pricing

- **We have to talk about the real cost**
- We have to prominently publicize the price/value of conservation both at the peak and on the overall demand
- We have to be frank and honest about the cost of a kilowatt of new generation
- We have to expect the inevitability of a carbon price on the order of \$100/t

Speak Truth to Power Pricing

- We have to talk about the real cost
- We have to prominently publicize the price/value of conservation both at the peak and on the overall demand
- We have to be frank and honest about the cost of a kilowatt of new generation
- We have to expect the inevitability of a carbon price on the order of \$100/t

Speak Truth to Power Pricing

- We have to talk about the real cost
- We have to prominently publicize the price/value of conservation both at the peak and on the overall demand
- **We have to be frank and honest about the cost of a kilowatt of new generation**
- We have to expect the inevitability of a carbon price on the order of \$100/t

Speak Truth to Power Pricing

- We have to talk about the real cost
- We have to prominently publicize the price/value of conservation both at the peak and on the overall demand
- We have to be frank and honest about the cost of a kilowatt of new generation
- We have to expect the inevitability of a carbon price on the order of \$100/t

Thank You For Your Attention

The ultimate test of a moral society is the kind of world that it leaves to its children.

Dietrich Bonhoeffer, theologian (1906-1945)