

Higher hydro bills to pay for high hydro bills

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Ontario's Ministry of Energy is hiking hydro bills on all ratepayers in an effort to stop already high hydro bills. Make sense?

The Ontario government is hiking hydro rates in an effort to offset high hydro rates.

On Thursday, the Ontario Ministry of Energy announced it is launching a program – [Ontario Electricity Support Program](#) – that, beginning in 2016, will offer a rebate on hydro bills for low-income households. The rebates will be as much as \$50 per month for households earning less than \$28,000 annually.

The program will be paid for by other ratepayers, who will pay an extra 70 cents a month to finance the rebates.

Ratepayers will also see their bills rise with the expiration of the [Ontario Clean Energy Benefit \(OCEB\)](#) at the end of this year, which launched in 2011 and offers a 10% break on hydro bills. It was introduced as a way to ease the high cost of renewable energy on hydro bills. The OCEB simply transfers the cost of power from ratepayers to taxpayers, as the government financed the rebate through general revenues. Last year the rebate [cost the province \\$1.1 billion](#). In total, the program has cost \$4.14 billion since it was created.

Together, the new program for low-income households and the expiration of the OCEB will cost ratepayers an additional \$200 a year, [based on the average Hydro One rate payer](#) (800 kwh per month in the urban residential class). The Ministry of Energy, in a press release announcing the Ontario Electricity Support Program, expects the average bill to increase by \$137.

While the Ministry of Energy is right to be concerned about high hydro rates, it's also to blame for them. A number of government-backed policies have been the reason that hydro prices continue to increase far faster than overall inflation. Since 2009, the average regulated price of power (commodity cost paid by ratepayers) has [increased by 56% or just under 9.3% annually](#). Distribution rates, meanwhile, have increased by 34% from 2009 to 2013 (the latest data), or about 6.8% annually (see [here](#) and [here](#)).

Renewable energy policies crafted by the government have handed more than [\\$1.92 billion](#) – and counting – in subsidies to wind turbines, according to a [report by Consumer Policy Institute and Energy Probe released last year](#). This act of corporate welfare is far from over. Wind turbine makes could reap another \$8-billion over the next decade and \$13-billion over the next 20 years, the report estimates.

Guaranteed, above-market contracts to renewable energy and other power producers will, in total, [cost ratepayers \\$50 billion](#) between 2006 and the end of 2015, according to the Ontario Auditor General (AG). That's more than five times the 2014 provincial deficit.

The government also pushed ahead with its [Smart Meter Initiative](#) without conducting cost-benefit analysis or business case prior to its rollout. While the Smart Meter programme was expected to cost \$1 billion, that figure has since grown to \$2 billion and is still not completed, according to the AG. The AG also found that many of the projected benefits of Smart Metering simply have “not been achieved.”

The Ministry of Energy is trying to protect low-income households from high energy bills, but isn't recognizing that it is its own policies that are responsible for high electricity prices. And, finally, the Ministry of Energy is further distorting the electricity sector through cross-subsidies and levies on all ratepayers, which will ultimately lower the overall wealth of society and lead to poor environmental decisions.

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