

# Ontario electricity rates for industry among highest in North America

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Ontario manufacturers are feeling the pinch from high electricity prices. But how high are the province's industrial electricity rates relative to other jurisdictions?

Before we answer that question, consider this—Ontario now has the highest [residential electricity costs](#) among all Canadian provinces. Ontario electricity prices increased twice as fast as the national average over the past decade, and the average Toronto resident in 2016 paid \$60 more per month than the average Canadian for electricity.

This takes us back to industrial electricity rates, which are paid by industries including manufacturing (automakers, for example) and mining around the province. As noted in a recent Fraser Institute [study](#), in 2016, out of 16 major cities, Toronto and Ottawa ranked third and fourth behind only New York and Boston.

Specifically, small industrial consumers (with a power demand of one megawatt and monthly consumption of up to 400 megawatt hours) in the Toronto area paid, on average, 16.27 cents per kilowatt hour (kWh, a common unit for measuring power), nearly double what comparable-sized firms paid in Montreal (9.11 cents) and Vancouver (9.49 cents), and nearly three times what they paid in Calgary (6.53 cents).

And although industrial electricity costs in New York and Boston remain higher than costs in Ontario cities, the cost differential is shrinking over time as Ontario cities experience faster increases. For instance, in 2010 electricity costs for small industrial users in Toronto were 85 per cent lower than in New York. By 2016, the differential had shrunk to 51 per cent.

The same pattern exists with large industrial consumers. In 2016, large industrial users (with a power demand of five megawatts and monthly consumption of 3,060 megawatt hours) in Toronto and Ottawa paid almost three times more than consumers in Montreal and Calgary and almost twice what large consumers in Vancouver paid. Even some select large industrial

consumers (Class A) that were granted rate reductions from the provincial government still paid higher rates compared to large electricity users in Quebec, Alberta and British Columbia.

In addition to having some of the highest industrial electricity costs in North America, Ontario also has some of the fastest-growing costs. Between 2010 and 2016, electricity costs paid by large industrial consumers rose 53 per cent in Ottawa and 46 per cent in Toronto compared to 14 per cent in the rest of Canada. Over the same period, Montreal saw a modest increase of 10 per cent while costs actually dropped in Edmonton (-7 per cent), Calgary (-5 per cent) and Chicago (-19 per cent).

Out of 16 examined cities, the fastest rates of increase were in Portland and Seattle, but even with their rapid growth, their electricity costs for large industrial consumers were significantly lower than Toronto's in 2016 (71 per cent lower in Portland, 62 per cent lower Seattle).

All of this raises the crucial question—what has caused surging electricity prices for residents and industries in Ontario?

Simply put, government policy choices. In particular, the province's aggressive promotion of renewable energy sources (solar, wind and biomass) have produced higher electricity costs for all Ontarians. Other policy decisions, including poorly structuring long-term contracts with generators and phasing out coal, have also contributed to price increases in the province.

To finally lower electricity bills for current and future ratepayers, the Wynne government should look at electricity costs in other jurisdictions and pursue meaningful policy reform.

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