

Ontario electricity customers have paid more than 6 billion to dump surplus highpriced power study

(September 20, 2016) Ontario electricity customers have paid more than \$6 billion to cover the cost of exporting the province's energy surplus, according to a new study from the Consumer Policy Institute. <https://ep.probeinternational.org/2016/09/20/ontario-electricity-customers-have-paid-more-than-6-billion-to-dump-surplus-high-priced-power-study/>

[By Brady Yauch for Consumer Policy Institute](#)

Over the last decade, Ontario customers have paid \$6.3 billion to cover the cost of selling high-priced electricity to customers outside of the province, [according to a new study by the Consumer Policy Institute](#)¹. A majority of those costs – \$5.8 billion – have come since 2009, as demand for electricity in Ontario has fallen, while more generation capacity continues to be added, creating a growing surplus that gets dumped at below-cost prices in places like New York and Michigan. Ontario's electricity consumers end up paying the premium between what Queen's Park has promised to pay generators through long-term contracts and what that power is worth on the electricity market. That premium is paid each month through a consumer-funded charge known as the Global Adjustment, which has increased, on average, 20% annually over the last 5 years.

Customers outside Ontario don't pay the Global Adjustment, so those excess costs are paid only by Ontario ratepayers and act as a subsidy from Ontarians to customers in other states and provinces.

The study also showed that, as a result of provincial policy enacted in 2011, residential and small businesses customers in Ontario pay a greater percentage of the export subsidy than large energy consumers.

“Ontarians are facing soaring hydro bills made worse by being forced to subsidize cheap electricity for customers in other states and provinces,” says Brady Yauch, economist and Executive Director of the Consumer Policy Institute. “The province has turned the business of selling power into a money loser for Ontario electricity customers.”

[Download the study here](#)

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<http://cpi.probeinternational.org>

¹ <http://probeinternational.org/library/wp-content/uploads/2016/09/power-exports-at-what-cost.pdf>