

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com



Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

September 9, 2009

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2009-0317 – OEB Changes in Eligibility for the Regulated Price Plan (“RPP”) – Hydro One Report on Notification Regarding Eligibility for the RPP

Attached are two paper copies of the Hydro One Networks Inc. report confirming notification of the new eligibility for the Regulated Price Plan (“RPP”) to the Affected Customers.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

HYDRO ONE NETWORKS INC: REPORT ON NOTIFICATION RE ELIGIBILITY FOR THE REGULATED PRICE PLAN (“RPP”)

This report fulfils requirements identified in the Ontario Energy Board’s letter of August 13, 2009, regarding the notification of customers of changes in eligibility for the RPP on November 1, 2009, as per Ontario Regulation 95/05. The letter required distributors to file a report:

- confirming that the distributors have notified all of their affected customers of the upcoming change.
- including information on what steps the distributor took in order to notify their affected customers, and
- which should include a sample of any written communications provided to consumers.

Hydro One has notified all of its affected customers of the upcoming change in eligibility for Regulated Price Plan that will be effective November 1, 2009.

As the effective date for this eligibility change has been extended twice (from May, 2008 to May 2009, and again, from May 2009 to November 2009), Hydro One has communicated with its affected customers twice. Each notification contained information on the implication to customers’ electricity pricing, and pricing options.

We can confirm affected customers were

- notified of the effective date of eligibility change in a timely manner, up to six months in advance, so customers would have time to evaluate the impact and their options;
- advised of the form of spot market pricing they would be transferred to given their type of meter;
- informed of the changes they will see on their bills after the change to spot pricing, and specifically of the final RPP settlement variance and the provincial benefit;
- if informed metered by a conventional meter, advised that they had the option to change to an interval meter, at no cost, should they choose to be billed on Hourly Ontario Electricity Price;
- informed customers with a conventional meter they had the option to opt for spot pricing at WAHSP before the November 2009 change; and
- referred to the IESO web site for reference to consumer information and tools.

In addition, Hydro One took steps to identify multi-residential units such as social housing or seniors residences that had declared as MUSH and Institutional “designated consumers”. These accounts were asked to declare as multi-residential units and will remain as eligible to the Regulated Price Plan.

For the steps taken in Hydro One’s notification to affected customers, see the section below.

Samples of the written communications provided to customers are shown after the “Steps” section below.

STEPS TAKEN BY HYDRO ONE IN NOTIFYING ITS AFFECTED CUSTOMERS

March 2008 – Hydro One Networks Website

- Electricity Updates section updated to notify customers of the extension in RPP eligibility to May 1, 2009

May 2008 – Bill Message targeting to RPP customers

- Bill message to advise eligibility has been extended to May 1, 2009.
- Message text *“Your eligibility for the Regulated Price Plan has been extended until May 1, 2009. For more information, visit our website.”*

October 2008 – Direct Mail *

- Letter sent to all MUSH/Institutional designated customers with demand greater than 50 kW to advise eligibility will be ending May 1, 2009.

November 2008 – Phone Call follow up to customers who received October 2008 direct mail

- Follow up phone call to approximately 60 customers identified as providing community services (hospitals, charities, school boards).

January 2009 – Direct Mail *

- Letters to 42 MUSH/Institutional customers that could be multi-residential (eg., Social Housing). Customers were asked to declare under the multi-unit identifications to remain on RPP.

April 2009 – Hydro One Networks Website

- Electricity Updates section updated to notify customers of the extension in RPP eligibility to November 1/09.
- Please see http://www.hydroonenetworks.com/en/electricity_updates/RPP_eligibility/default.asp

April 2009 – Direct Mail *

- Letters sent out to MUSH/Institutional designated customers advising that RPP Eligibility was being extended to November 1, 2009

May 2009 – Bill Message

- New message to MUSH customers advising that eligibility was extended to November 1, 2009.
- Bill message text: *“The Province of Ontario has extended your eligibility for the Regulated Price Plan until November 1, 2009. For more information, visit our website.”*

May 2009 – Email to MUSH customers

- Email sent through Hydro One Business Customer Centre to 13 MUSH designated customers billing on RPP, where Hydro One had been provided eMail contact information.

June 2009 – Hydro One hosted Webinar

- Online webinar hosted for customers outlining pricing options available up to, and post, November 1, 2009.
- Webinar held June 18, 2009

Planned for October/November 2009 – Bill Message

- New message to advise customers this is last bill on RPP.
- Draft bill message text:
“This is your last bill on the Regulated Price Plan. Starting on your next bill, you’ll be billed the spot market price for electricity, or if you’ve enrolled with a retailer your contracted price for electricity. For more information, visit our website.”

Planned for November/December 2009 – Bill Message

- New message to advise of the first bill on spot market price and the RPP Settlement Amount.
- Draft bill message text: *“The price you pay for your electricity reflects the spot market price.”*
- Existing message to advise of the RPP Settlement Amount.
- Bill message text:
“The difference between what customers paid for electricity on the Regulated Price Plan (RPP) and what was paid to generators is tracked in an RPP variance settlement account. Customers who leave the RPP must settle their share of the account, which can be either a refund or a charge. Your portion of the account is included on this bill.”

Attachment 1 to this report contains samples of the written communications Hydro One Networks provided to customers. French versions of the letters attached were sent to customers who have indicated French language preference.

Attachment 2 to this report, is a copy of the electronic update on Hydro One Networks Website regarding RPP eligibility.

ATTACHMENT 1
SAMPLE OF THE WRITTEN COMMUNICATIONS

October 29, 2008

«CUSTOMER_NAME_1»
«CUSTOMER_NAME_2»
«MAILING_ADDRESS1»
«MAILING_ADDRESS2»
«Township», «Prov» «Postal_code»
«Country»

Dear Valued Customer:

Account Number(s): «ACCOUNT» «ACCOUNT_2» «ACCOUNT_3» «ACCOUNT_4»
«ACCOUNT_5» «ACCOUNT_6» «ACCOUNT_7» «ACCOUNT_8» «ACCOUNT_9»
«ACCOUNT_10» «ACCOUNT_11» «ACCOUNT_12» «ACCOUNT_13» «ACCOUNT_14»

Extension of Regulated Price Plan Eligibility

On April 1, 2005, the Ontario Energy Board (OEB) introduced the Regulated Price Plan (RPP), which sets fixed prices for electricity and encourages customers to conserve. The OEB has announced new RPP prices, effective November 1st, 2008. The new prices are 5.6 cents per kilowatt-hour (kWh) of electricity used each month up to 750 kWh and 6.5 cents per kWh for consumption above 750 kWh. The OEB resets these prices at regular intervals, usually every 6 months, to reflect the true cost of electricity.

The Ontario government established regulation to designate consumers such as municipalities, universities, colleges, hospitals and other social or public-related entities with demand greater than 50 kilowatts (kW) per month and 250,000 kilowatt-hours (kWh) per year as eligible for RPP. Your account has been identified as a designated consumer.

Your RPP eligibility was set for three years until March 31, 2008 to provide a transition period for you to assess the options for purchasing electricity and become more energy efficient. The government has extended the RPP eligibility deadline for designated consumers to May 1, 2009.

Effective May 1, 2009, your account will no longer be eligible for RPP. We recommend that you review the impact on your electricity costs and examine alternative purchasing options before this change.

How you'll be billed for electricity

There are two options for how your account will be billed for electricity, starting on May 1, 2009:

1. Your account will automatically be billed the wholesale or spot market price for electricity.

As you have a conventional meter, you will pay the Weighted Average Hourly Spot Price (WAHSP) for electricity.

In Ontario's electricity market, an hourly price for electricity is established based on Ontario electricity demand and generation available, and fluctuates every hour. Hydro One calculates a weighted average of this hourly price, and applies this to your consumption.

Since the Ontario electricity price changes each hour, our weighted average hourly spot price will fluctuate somewhat, each month on your electricity bill. The weighted electricity charge is applied to your total consumption over the billing period, regardless of the time of day that you use electricity.

You may wish to upgrade your meter to an interval meter, and opt for the hourly pricing (Hourly Ontario Energy Price) which is set by the Independent Electricity System Operator (IESO). An interval meter will track how much electricity you use and when you use it on an hourly basis.

If your electricity use is fairly consistent 24 hours a day, or if you use more electricity during off-peak hours, you may reduce your costs by installing an interval meter. Your costs may rise, however, if you install an interval meter and you use more electricity during high-priced periods. The IESO has an interval meter checklist that will help you determine if an interval meter is the right choice for you. Go to www.ieso.ca/business for details.

You can request an Engineering Investigation to change to an interval meter by calling our Business Customer Centre at 1-877-447-4412. This will determine whether you would be charged any of the cost for a meter upgrade.

Smart Meters

With the Ontario government's initiative to replace existing meters with smart meters already underway, customers will have a meter that will collect hourly data by 2010. You should be aware of the status of smart meter installations and the related pricing decisions as established by the OEB.

-- OR --

2. You may enroll your account with an electricity retailer and be billed the contracted rate for electricity. Since future electricity prices cannot be predicted with absolute certainty, retailer contracts can add an element of certainty because they allow you to lock in your electricity costs for the term of the contract.

Retailers, offer a range of price structures that can provide fixed rates for those periods of the day when you require stability, and also fluctuating rates that will allow you to benefit from load-shifting and your off-peak consumption. For a list of questions you should ask a retailer before you sign a contract, go to the OEB's website at www.oeb.gov.on.ca and click on "The Energy Choice is Yours" icon.

Before you make the move to spot prices or decide to sign a retailer contract, you'll need to understand how and when you use electricity, so you can make an informed decision. To help you with this decision, you may want to hire a professional consultant to conduct an energy audit.

The IESO has a series of guides on how to manage your electricity costs, as well as hourly price and demand information, and historical and forecast data on its website at www.ieso.ca.

There will also be some changes to your bill

When you leave RPP you'll notice some changes to your bill that relate to the Electricity portion of your bill. This change in RPP eligibility does not affect the Delivery, Regulatory Charges, and Debt Retirement Charge on your bill.

RPP Settlement

The RPP settlement is a one-time credit or charge that will appear on your final bill as a RPP customer. This amount will reflect your share of any accumulated variance between the actual

price paid to generators and the forecast price paid by price plan customers. If customers have been paying more for electricity than was paid to generators, this amount will be a credit. If customers have been paying less, it will be a charge. Currently, the RPP settlement is a credit.

For more information on the RPP Settlement amount, please visit the OEB's website at www.oeb.gov.on.ca and select "Major OEB Initiatives – Final RPP Variance Settlement Amount".

Provincial Benefit

The Provincial Benefit is your share of the difference between government regulated and contract prices for electricity paid to certain generators and the market prices they would have received had they not been subject to government regulation or contracts. The Provincial Benefit may be either a credit or a charge, depending on whether the market price is lower or higher than the fixed rates.

The Provincial Benefit will appear on your bill each month as a separate line item under "Your electricity charges". By law, the Provincial Benefit that applies to you cannot be transferred to an electricity retailer or any other party. As of October 2008, the Provincial Benefit is a charge of 0.29 cents per kWh. For more information on the Provincial Benefit, go to www.ieso.ca/business.

If you have any questions, please call our Business Customer Centre at 1-877-447-4412, Monday to Friday, 8:30 a.m. to 5 p.m.

Business Customer Centre
Hydro One Networks Inc.

October 24, 2008

«CUSTOMER_NAME_1»
«CUSTOMER_NAME_2»
«MAILING_ADDRESS1»
«MAILING_ADDRESS2»
«Township», «Prov», «Postal_code»

Dear Valued Customer:

Account Number(s): «ACCOUNT» «ACCOUNT_2»

Extension of Regulated Price Plan Eligibility

On April 1, 2005, the Ontario Energy Board (OEB) introduced the Regulated Price Plan (RPP), which sets fixed prices for electricity and encourages customers to conserve. The OEB has announced new RPP prices, effective November 1st, 2008. The new prices are 5.6 cents per kilowatt-hour (kWh) of electricity used each month up to 750 kWh and 6.5 cents per kWh for consumption above 750 kWh. The OEB resets these prices at regular intervals, usually every 6 months, to reflect the true cost of electricity.

The Ontario government established regulation to designate consumers such as municipalities, universities, colleges, hospitals and other social or public-related entities with demand greater than 50 kilowatts (kW) per month and 250,000 kilowatt-hours (kWh) per year as eligible for RPP. Your account has been identified as a designated consumer.

Your RPP eligibility was set for three years until March 31, 2008 to provide a transition period for you to assess the options for purchasing electricity and become more energy efficient. The government has extended the RPP eligibility deadline for designated consumers to May 1, 2009.

Effective May 1, 2009, your account will no longer be eligible for RPP. We recommend that you review the impact on your electricity costs and examine alternative purchasing options before this change.

How you'll be billed for electricity

There are two options for how your account will be billed for electricity, starting on May 1, 2009:

1. Your account will automatically be billed the wholesale or spot market price for electricity.

As you have an interval meter, you will pay the Hourly Ontario Energy Price (HOEP) for electricity, which is established by the Independent Electricity System Operator (IESO). An interval meter measures the amount of electricity used in each hour.

The hourly price for electricity is based on Ontario demand and generation available in the Ontario market and fluctuates every hour throughout the day. For example, prices are generally lower later on weekday evenings and weekends and higher during business hours.

The appropriate hourly electricity price is applied to your hourly consumption. The electricity charge on your bill will be the total of the cost of all hours in your billing period.

Thus, your electricity charge will reflect your total consumption based on your load profile, or the time of day you consume electricity.

The IESO provides a range of information about the hourly price. Visit www.ieso.ca/business for details.

-- OR --

2. You may enroll your account with an electricity retailer and be billed the contracted rate for electricity. Since future electricity prices cannot be predicted with absolute certainty, retailer contracts can add an element of certainty because they allow you to lock in your electricity costs for the term of the contract.

Retailers, offer a range of price structures that can provide fixed rates for those periods of the day when you require stability, and also fluctuating rates that will allow you to benefit from load-shifting and your off-peak consumption. For a list of questions you should ask a retailer before you sign a contract, go to the OEB's website at www.oeb.gov.on.ca and click on "The Energy Choice is Yours" icon.

Before you make the move to spot prices or decide to sign a retailer contract, you'll need to understand how and when you use electricity, so you can make an informed decision. To help you with this decision, you may want to hire a professional consultant to conduct an energy audit.

The IESO has a series of guides on how to manage your electricity costs, as well as hourly price and demand information, and historical and forecast data on its website at www.ieso.ca.

There will also be some changes to your bill

When you leave RPP you'll notice some changes to your bill that relate to the Electricity portion of your bill. This change in RPP eligibility does not affect the Delivery, Regulatory Charges, and Debt Retirement Charge on your bill.

RPP Settlement

The RPP settlement is a one-time credit or charge that will appear on your final bill as a RPP customer. This amount will reflect your share of any accumulated variance between the actual price paid to generators and the forecast price paid by price plan customers. If customers have been paying more for electricity than was paid to generators, this amount will be a credit. If customers have been paying less, it will be a charge. Currently, the RPP settlement is a credit.

For more information on the RPP Settlement amount, please visit the OEB's website at www.oeb.gov.on.ca and select "Major OEB Initiatives – Final RPP Variance Settlement Amount".

Provincial Benefit

The Provincial Benefit is your share of the difference between government regulated and contract prices for electricity paid to certain generators and the market prices they would have received had they not been subject to government regulation or contracts. The Provincial Benefit may be either a credit or a charge, depending on whether the market price is lower or higher than the fixed rates.

The Provincial Benefit will appear on your bill each month as a separate line item under "Your electricity charges". By law, the Provincial Benefit that applies to you cannot be transferred to an electricity retailer or any other party. As of October 2008, the Provincial Benefit is a charge of 0.29 cents per kWh. For more information on the Provincial Benefit, go to www.ieso.ca/business.

If you have any questions, please call our Business Customer Centre at 1-877-447-4412, Monday to Friday, 8:30 a.m. to 5 p.m.

Business Customer Centre
HYDRO ONE NETWORKS INC.

<Date>

<Name>

<Title>

<Company>

<Address>

<Address>

<Account Number>

Dear <Customer Name>,

Regulated Price Plan – Eligible Consumers

On April 1, 2005 the Ontario government introduced a Regulated Price Plan (RPP) that better reflects the price paid to generators and encourages customers to conserve. Starting on May 1, 2009, consumers no longer 'designated' for RPP will have to decide how they will be billed for electricity. They can either be billed the spot market price for electricity or they can decide to enrol with an electricity retailer, and pay the contracted rate for electricity.

However, it is possible that certain consumers may continue to qualify for RPP on or after May 1, 2009, if their account relates to:

1. a property as defined in the *Condominium Act, 1998*
2. a residential complex as defined in the *Residential Tenancies Act, 2006*
3. a property that includes one or more dwellings and that is owned or leased by a co-operative as defined in the *Co-operative Corporations Act*.

If you feel that your account will continue to qualify for RPP, please complete the accompanying Declaration Form for the Regulated Price Plan, and return to our office as soon as possible.

Please also complete the enclosed Declaration Form for Multi-Unit Premises. If you qualify for RPP, you can also qualify for a price threshold change for each unit in your building. Both forms must be completed. Please return to our office as soon as possible (no later than March 31, 2009). Our fax number is (905) 944-3308.

If you have any questions, please call our Business Customer Centre at 1-877-447-4412, Monday to Friday from 8:30 a.m. to 5 p.m.

Sincerely,

Business Customer Centre
Hydro One Networks



<<Date>>

<Customer Name>

<Title>

<Company>

<Address>

<Address>

Account Number: <Account Number>

Dear [INSERT CONTACT NAME]:

How you are billed for electricity is changing as of November 1, 2009

We wrote to you last fall to let you know the Ontario government had extended the eligibility for the Regulated Price Plan (RPP) for municipalities, universities, schools, and hospitals (known as the MUSH sector) and other designated institutional customers to May 1, 2009.

The government has recently announced a further extension to November 1, 2009. This extension is needed to give customers additional time to assess the options for purchasing electricity.

In addition, the government has announced that customers with or without an interval meter, are allowed to voluntarily exit the RPP and purchase electricity on the wholesale or spot market before November 1, 2009.

How will I be billed for electricity?

For now you can choose to remain on the RPP. However, you will need to decide by November 1, 2009, how you will be billed for electricity. You have two choices.

1. Since you have a conventional meter, your account will automatically be billed the weighted average hourly spot price for electricity.

In Ontario's electricity market, an hourly price for electricity is established based on Ontario electricity demand and generation available, and fluctuates every hour. Hydro One calculates a weighted average of this hourly price, and applies this to your consumption.

Since the Ontario electricity price changes each hour, our weighted average hourly spot price will fluctuate somewhat, each month on your electricity bill. The weighted electricity charge is applied to your total consumption over the billing period, regardless of the time of day that you use electricity.

-- OR --

2. You may enrol your account with an electricity retailer and be billed a contracted rate for electricity.

How does buying electricity on the spot or wholesale market compare to the RPP?

The RPP sets fixed prices for electricity and encourages customers to conserve. For the summer season¹ (May 1st to October 31st), the first 750 kWh of electricity used each month costs 5.7¢ per kWh. Consumption above 750 kWh costs 6.6¢ per kWh. Most of your consumption will be billed at the higher price of 6.6¢ per kWh.

The weighted average price for electricity for 2009 has been lower than the RPP prices. As published by the Independent Electricity System Operator (IESO), the average weighted electricity price² for March 2009 was 3.09¢ and the average weighted electricity price since January 1, 2009 was 4.5¢. For more information on the historical average weighted price, visit www.ieso.ca.

Should I upgrade my meter?

You may wish to upgrade your meter to an interval meter, and opt for hourly pricing, which is set by the IESO. An interval meter will track how much electricity you use and when you use it on an hourly basis.

If your electricity use is fairly consistent 24 hours a day, or if you use more electricity during off-peak hours, you may reduce your electricity costs by installing an interval meter. Your costs may rise, however, if you install an interval meter and you use more electricity during high-priced periods. The IESO has an interval meter checklist that will help you determine if an interval meter is the right choice for you. Go to www.ieso.ca/business for details.

We will upgrade your meter to an interval meter, at no charge to you. To arrange please call our Business Customer Centre at 1-877-447-4412.

What are the benefits of signing a retailer contract?

Since future electricity prices cannot be predicted with absolute certainty, retailer contracts can add an element of certainty because they allow you to lock in your electricity costs for the term of the contract. Retailers, offer a range of price structures that can provide fixed rates for those periods of the day when you require stability, and also fluctuating rates that will allow you to benefit from load-shifting and your off-peak consumption.

For a list of questions you should ask a retailer before you sign a contract, go to the Ontario Energy Board's (OEB) website at www.oeb.gov.on.ca and click on "The Energy Choice is Yours" icon.

Are there any other changes?

When you leave the RPP you'll notice two new line items that relate to the Electricity portion of your bill. The RPP settlement is a one-time credit or charge that will appear on your final bill as a RPP customer. The Provincial Benefit will appear on your bill each month. It may be either a credit or a charge, depending on whether the market price is lower or higher than the fixed rates. More information on these line items will be explained on your bill.

How do I decide which option to choose?

Before you make the move to the spot market price or decide to sign a retailer contract, you'll need to understand how and when you use electricity, so you can make an informed decision. To help you with this decision, you may want to hire a professional consultant to conduct an energy audit.

If there is enough interest, we will be offering a free webinar session this June that will further explain these options. Please call us at **1-877-447-4412** if you are interested in participating.

You may also find the IESO's series of guides on how to manage your electricity costs to be helpful. They are available online at www.ieso.ca.

If you have any questions, please call our Business Customer Centre at **1-877-447-4412**, Monday to Friday, 8:30 a.m. to 5 p.m.

Business Customer Centre
Hydro One Networks Inc.

¹ The Ontario Energy Board resets the RPP prices twice a year for the summer and winter seasons to more closely reflect the true cost of electricity.

² Hydro One's weighted average price is slightly different than the IESO's, since our prices are based on our load profile and not the load profile of the province.



<<Date>>

<Customer Name>

<Title>

<Company>

<Address>

<Address>

Account Number: <Account Number>

Dear [INSERT CONTACT NAME]:

How you are billed for electricity is changing as of November 1, 2009

We wrote to you last fall to let you know the Ontario government had extended the eligibility for the Regulated Price Plan (RPP) for municipalities, universities, schools, and hospitals (known as the MUSH sector) and other designated institutional customers to May 1, 2009.

The government has recently announced a further extension to November 1, 2009. This extension is needed to give customers additional time to assess the options for purchasing electricity.

In addition, the government has announced that customers with or without an interval meter, are allowed to voluntarily exit the RPP and purchase electricity on the wholesale or spot market before November 1, 2009.

How will I be billed for electricity?

For now you can choose to remain on the RPP. However, you will need to decide by November 1, 2009 how you will be billed for electricity. You have two choices.

1. Since you have an interval meter, your account will automatically be billed the hourly Ontario energy price for electricity. This hourly price for electricity is established by the Independent Electricity System Operator (IESO).

The hourly price for electricity is based on Ontario demand and generation available in the Ontario market and fluctuates every hour throughout the day with prices generally lower later on weekday evenings and weekends and higher during business hours.

The appropriate hourly electricity price is applied to your hourly consumption. The electricity charge on your bill will be the total of the cost of all hours in your billing period. Thus, your electricity charge will reflect your total consumption based on your load profile, or the time of day you consume electricity.

-- OR --

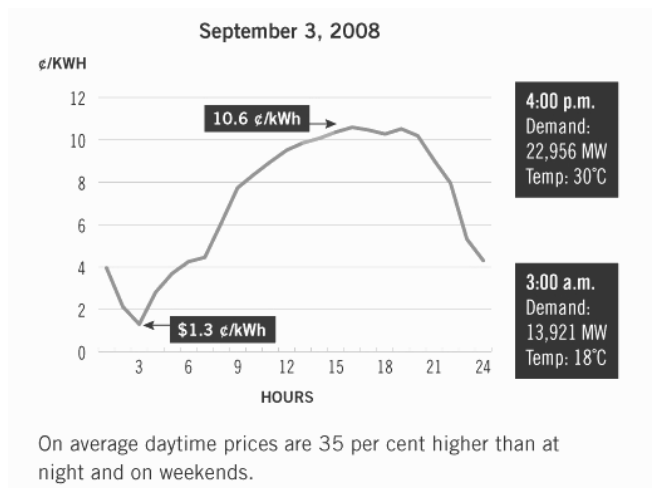
2. You may enrol your account with an electricity retailer and be billed a contracted rate for electricity.

How does buying electricity on the spot or wholesale market compare to the RPP?

The RPP sets fixed prices for electricity and encourages customers to conserve. For the summer season¹ (May 1st to October 31st), the first 750 kWh of electricity used each month costs 5.7¢ per kWh. Consumption above 750 kWh costs 6.6¢ per kWh. Most of your consumption is billed at the higher price of 6.6¢ per kWh.

The weighted average price² for electricity for 2009 has been lower than the RPP prices. However, the hourly prices will fluctuate over the course of a day, due to various factors such as weather, consumer behaviour and available generation. If you are able to respond to changes in the hourly price by shifting some of your demand to off-peak periods, you will likely save money.

The chart below shows a sample day of how the hourly electricity prices can fluctuate. For more information on the hourly price, visit www.ieso.ca.



Source: IESO

What are the benefits of signing a retailer contract?

Since future electricity prices cannot be predicted with absolute certainty, retailer contracts can add an element of certainty because they allow you to lock in your electricity costs for the term of the contract. Retailers offer a range of price structures that can provide fixed rates for those periods of the day when you require stability, and also fluctuating rates that will allow you to benefit from load-shifting and your off-peak consumption.

For a list of questions you should ask a retailer before you sign a contract, go to the Ontario Energy Board's (OEB) website at www.oeb.gov.on.ca and click on "The Energy Choice is Yours" icon.

Are there any other changes?

When you leave the RPP you'll notice two new line items that relate to the Electricity portion of your bill. The RPP settlement is a one-time credit or charge that will appear on your final bill as a RPP customer. The Provincial Benefit will appear on your bill each month. It may be either a credit or a charge, depending on whether the market price is lower or higher than the fixed rates. More information on these line items will be explained on your bill.

How do I decide which option to choose?

Before you make the move to the hourly electricity price or decide to sign a retailer contract, you'll need to understand how and when you use electricity, so you can make an informed decision. To help you with this decision, you may want to hire a professional consultant to conduct an energy audit.

If there is enough interest, we will offer a free webinar session in June that will further explain these options. Please call us at 1-866-922-2466 if you are interested in participating.

You may also find the IESO's series of guides on how to manage your electricity costs to be helpful. They are available online at www.ieso.ca.

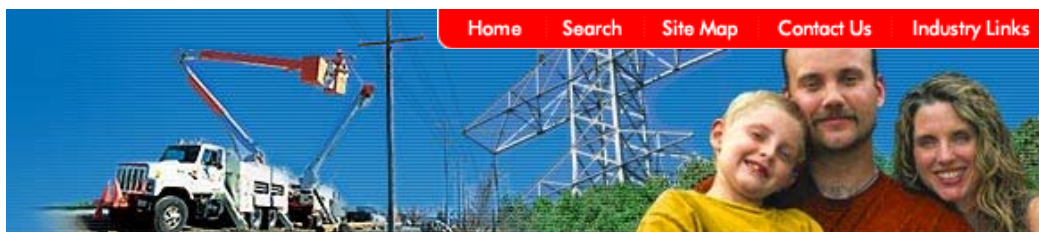
If you have any questions, please call our Business Customer Centre at 1-866-922-2466, Monday to Friday, 8:30 a.m. to 5 p.m.

Business Customer Centre
Hydro One Networks Inc.

¹ The Ontario Energy Board resets the RPP prices twice a year for the summer and winter seasons to more closely reflect the true cost of electricity.

² As published by the IESO, the average weighted electricity price for March 2009 was 3.09¢ and 4.5¢ is the average weighted electricity price since January 1, 2009. Hydro One's average weighted price is slightly different since our prices are based on our load profile and not the load profile for the province.

ATTACHMENT 2
ELECTRONIC UPDATE - RPP ELIGIBILITY


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Electricity Updates

RPP Eligibility Extended for Municipalities, Universities, Schools and Hospitals

*** UPDATE ***

On March 25, 2009, the Ontario government extended the mandatory exit of municipalities, universities, colleges and hospitals (known as the MUSH sector) and other designated institutional customers from the Regulated Price Plan (RPP) until November 1, 2009.

This six-month extension from May 1, 2009 to November 1, 2009, will allow customers additional time to educate themselves on the options for purchasing electricity.

In addition, customers with or without an interval meter will be able to voluntarily exit RPP before November 1, 2009 and purchase electricity on the spot market.

In 2005 when RPP was introduced, the MUSH sector with demand greater than 50 kW per month as well as farms and some other designated customers were given eligibility to RPP for three years until March 31, 2008. Last year, the government extended the RPP deadline for the MUSH sector and other designated customers to May 1, 2009.

Once RPP eligibility ends as of November 1, 2009, MUSH customers have two options for how their account is billed for electricity:

1. Enrol with an electricity retailer and pay the contracted price for electricity, or
2. The spot market price for electricity will be billed.

Customers with an interval meter will be billed the Hourly Ontario Energy Price for electricity. While customers with a conventional meter (including Smart Meters) will be billed the Weighted Average System Price for electricity, unless they decide to install an interval meter.

FAQs

Why did the government extend the RPP eligibility for municipalities, universities, schools and hospitals?

The government extended the RPP eligibility to November 1, 2009 to the MUSH sector since they realized many customers were not ready for a May 1, 2009 implementation date. The additional time will allow customers to educate themselves on the options for purchasing electricity.

What are my options for purchasing electricity as of November 1, 2009?

You have two options for purchasing electricity:

- 1) You can enroll with a retailer and pay a contracted price for electricity, or
- 2) You will be billed the spot market price for electricity. Customers with an interval meter will pay the Hourly Ontario Energy Price.

Customers with a smart meter or conventional meter will pay the Weighted Average System Price.

What changes will I see on my bill when my RPP eligibility ends?

1. You'll no longer be billed RPP prices for electricity. You'll either pay the spot market

- price for electricity or a contracted price for electricity, if you have signed with a retailer.
2. You'll be billed a monthly Provincial Benefit. This can either be a charge or a credit depending on prevailing market prices for electricity and the mix of regulated and contract prices.
3. You'll also be billed a one-time RPP Settlement amount that will appear on your electricity bill when you leave the Regulated Price Plan.

I am a municipality/university/school/hospital with a monthly demand of less than 50 kW per month. Will I still be billed RPP prices after November 1, 2009?

Yes, as long as your average monthly demand is under 50 kW per month or 250,000 kWh per year, you will be billed RPP prices.

What is the spot market price?

With spot market pricing you pay actual wholesale market prices for electricity. These prices are volatile, fluctuating up and down every hour. Price is determined by market conditions and it changes every hour. Your electricity cost will be based on:

- How much you use;
- Your peak demand or how quickly you draw electricity from the system; and
- The time of day and week you use it (if you have an interval meter).

What factors influence the spot market price for electricity?

There are many factors that influence pricing:

- One is the season in which electricity is used - prices are generally higher in winter and summer than they are in the spring and fall.
- Another is the time of day. Prices tend to be higher in late afternoon and early evening.
- The source of electricity is another factor, some being more expensive to run than others. When demand for electricity is high, more expensive generation is needed to meet that demand, driving up the cost of power.

How do I know if I will benefit from paying the spot market price for electricity?

You will need to know your own consumption patterns. Take a look at how you use electricity, where you use it and most importantly when you use it. This basic analysis allows you to compare and evaluate your electricity use profile against hourly pricing and determine what kind of savings, if any to expect.

What is the Hourly Ontario Energy Price for electricity?

The Hourly Ontario Energy Price is a weighted average based on Ontario demand and fluctuates every hour throughout the day. The electricity charge on your bill would reflect your consumption pattern. You will need to have an interval meter in order to pay hourly prices. For more information, visit the IESO's website at www.ieso.com.

How is the Hourly Ontario Energy Price for electricity set?

It is determined through a competitive process of generators bidding to supply electricity into the market. The price fluctuates throughout the day according to supply and demand.

What are the advantages of paying Hourly Ontario Energy Price?

In the wholesale market, prices rise and fall depending on the availability of supply. This provides customers with an incentive to use electricity more wisely - to shift electricity use to times of the day when demand and prices are lower. By managing peak demand and using your interval meter to take advantage of price fluctuations, you can lower your electricity costs.

What is the Weighted Average System Price for electricity?

Customers with a smart meter or conventional meter pay a fixed rate for electricity based on the load shape of Hydro One Networks.

What is the current spot market rate for electricity?

The spot market is a fluctuating market rate. To find the current spot market rate, please visit the IESO's website at www.ieso.com or call the IESO at 1-888-448-7777.

I have a smart meter. What spot market price will I pay?

Customers with a smart meter will pay the Weighted Average System Price for electricity. For more information on how Ontario's wholesale market works, visit the IESO website at www.ieso.com.

I do not want to pay the Weighted Average System Price for electricity. What do I need to do to be eligible for the Hourly Ontario Energy Price?

You will need to have an interval meter installed. Please call us for details.

What are the advantages of having an interval meter?

You will be able to access your hourly load profile and better manage your electricity costs. Customers with an interval meter will be billed the Hourly Ontario Energy Price.

I signed up with a retailer since I thought my RPP eligibility would end as of May 1, 2009. Can I get out of my contract now that the government has extended the RPP eligibility?

You have a ten day cooling off period to cancel your contract without paying any penalty. If you signed your contract more than ten days ago, you should read the terms and conditions of your contract to see if there is a cancellation fee. You should call your retailer to discuss.

What is the penalty for canceling my contract?

You'll have to read the terms and conditions of your contract. Please call your retailer to discuss.

What is the benefit of signing a contract with an electricity retailer?

Customers benefit from the security of knowing exactly what their electricity will cost them per kWh, without having to worry about the ups and downs of the spot market.

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