

Cheap year for hydro power

Improved supply, lower demand fuelled 30 per cent price drop in 2006

By Laura Melnyck
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This past year, Ontario's electricity prices were the lowest they've been since 2002.

And Paul Murphy, president and CEO of the Independent Electricity System Operator, says strategies are in place for further efficiency.

Murphy, speaking at the Canadian Club of Halton Peel last week, said the 30 per cent price decrease for electricity in 2006 was a result of improved supply and lower total demand. The average price for 2006 was 4.87 cents per kilowatt hour.

"The availability of new generating capacity, good performance from existing generators and moderate weather all helped create a positive electricity supply picture for Ontario in 2006," he said.

But, Murphy adds, further initiatives will be necessary to maintain efficiency.

One is the installation of 800,000 smart electricity meters in homes and businesses in 2007. The hope is that by 2010, every residential customer and small business will have one. The meters will allow customers to monitor their own electricity usage throughout the day.

Residences and businesses are on a fixed price rate of 5.5 cents per kilowatt hour for the first 1,000 kilowatt hours each month and 6.4 cents for additional hours. But the smart meter will give consumers the opportunity to benefit from lower prices, by using electricity during off-peak hours.

"Electricity rates may become like long distance phone rates, where it costs more to use the system at the busiest times of the day. Much like phone rates, electricity will be cheaper on evenings and weekends," Murphy explained.

The Ontario Energy Board established a set of rates for smart meter users. On weekends and holidays, consumers will enjoy a much lower price of 3.4 cents per kilowatt hour. But during peak times on weekdays, they can expect to pay between 7.1 and 9.7 cents per kilowatt hour.

Murphy says the IESO will work with the Ministry of Energy to ensure consumers understand the importance of the smart meter.

"The key is to educate people and make them smarter."

Murphy says the improved electricity supply over the past few years is a result of consumers cutting back and the IESO's 5-per-cent reduction in voltage levels on two occasions.

"The improved supply conditions were evident last summer when we were able to meet Ontario's

electricity needs on Aug. 1 without incident, despite setting a new peak record of 27,005 MW."

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