

Ontario Tories re-impose cap on electricity rates

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Faced with mounting consumer outrage over spiraling electricity prices, as well as the pressure of influential sections of industry, the Ontario Tories have introduced legislation capping the price of electricity at the former rate of 4.3 cents per kilowatt-hour. With this reversal, the long-standing campaign by the Tories to deregulate and privatize the former Ontario Hydro has fallen further into disarray.

Since competition was introduced to Ontario's electricity generation market last May 1, electricity bills have risen sharply across the province. The cost of electricity generation charged to the consumer averaged 5.6c per kilowatt-hour in the period since May 1—a 25 percent increase.

During periods of peak demand, such as the hottest days of the summer, prices rose far higher. In the middle of August, the average weekly price was in excess of 10 cents per kilowatt-hour. Newspapers have published reports of residential electricity bills that literally doubled or trebled in size and recounted stories of workers evicted from their homes after being unable to pay rent in the face of skyrocketing electricity prices.

The new legislation also mandates that consumers be retroactively rebated whatever amount over 4.3c per kilowatt-hour they have paid since the market opened to competition. The rebate will not include money paid towards power imported from outside Ontario by the province's utilities, however. The cost of this power is included, in part, in an "uplift charge" of 0.62c per kilowatt-hour that all consumers have paid since the opening of the market to competition in May. The 0.62c/kWh was not enough to cover the actual cost of importing power, leaving some ambiguity about how much of these costs will be covered by the Tories' rebate scheme.

In any case, the Tories have directed the various

electrical utilities to hand out blanket \$75 rebates, in the form of cheques, before Christmas, in a move designed to forestall discomfort about these details and win electoral support. The minimum cost for the rebates will be \$700 million—another indicator of how much of an increased cost was involved in the move to deregulation.



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