

March 1, 2012

**White Paper**  
**on**  
**Energy**  
**in**  
**Ontario, Canada**  
**2012**



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# Energy in 2012 Ontario

**An insight into what is happening, what effects to expect and how to curb the rising costs.**

I put up a picture of Niagara Falls on the front Sheet for a reason. When I was a youngster, Niagara Falls was a symbol. It stood for all the Power, the electricity that we could ever use. Well, that is no longer a true statement.

This is not going to be a long, drawn out White Paper on Electricity Use in Ontario. It does not have to be.

If you live in the Province of Ontario, Canada, you will likely have seen the new Smart meter on the side of your home. What is that thing all about? Well, it is going to cost you to find out, not from me but from your local Utility.

The cost of Energy creation is climbing since the Policy decision was made to close our coal fired Power Generation Plants to reduce coal emissions in the battle to clean up our air. To replace that production, the Ontario Government has built several gas fired Power Generation Plants as an interim bandaid, and has built 15 "Wind Farms," since 2006 giving us over 1,500 MegaWatts of electricity. In fact, in the first quarter of 2012, we are to expect another 7 Wind Farms providing a further 674 MegaWatts (MW) pumping into the Power Grid.

To add to our new Wind Power, Solar Power is also coming online slowly. There have been a number of Companies sprout up with the smell of Grant money possibly coming available. And any rooftop seems to be fair game for a 20 year contract to put solar panels on your home and feed the Grid at 80 cents per kiloWattHour (kWH). But, we cannot expect the Taxpayer to be willing to pay more than a 60 cent per kWH Premium. Solar energy will take time, though still potentially viable. The problem is that Solar Policy can change, several times in the course of two decades. For my money, I cannot see me waiting three years for the Application process and then throw up some panels to make it to the, "big money."

Bottom line, if you can pay off a Solar generating System in 20 years and the lifespan is 20 years, and you have to have at least 4 times what the standard providers get for producing electricity, how long will it last, really?

Contributing to the Grid is one thing but at 4 times the cost?

Now, how is this going to effect you and your money? On May 1, 2011, we were advised by the Ontario Government that they had a Plan to increase our Electricity Costs by 42% over the following 5 years. Increases will come into effect on May 1 and November 1 of each year.

Well, six months later, we were then advised that the 42% was not accurate. Expect instead a total of 65% over 5 years. Sadly, it seems that we can likely expect an increase to that total 5 year rate every six months until 2016. So where are we right now, late March, 2012? Here is what is coming, if you have not seen it on your bill yet;

7 PM to 7 AM – 6.2 ¢ per kWh

5 PM to 7 PM – 9.2 ¢ Per kWh

7 AM to 11 AM - 9.2 ¢ Per kWh

11AM to 5 PM – 10.8 ¢ per kWh

How do you realize any savings with prices like this coming in? Some are using some interesting energy saving devices like timers and computer based software to time the use of appliances and lights. So, lights can come on when you enter a room. If someone walks outside your home, lights, and maybe security cameras will come on to record what happens. Washing is done after 2 AM and then the wash gets hung to dry, (and provide the home with moisture that a humidifier would usually do). Instead of watering your lawns on a standard time schedule, it is done when your lawn shows a moisture meter that it is dry and needs a drink.

It is all about conservation. No lights on in the house unless you are in that part of the house and you turn them off when you go elsewhere. Motion sensors along with a delay shut off can be used or, more technically advanced, as long as there is a heat source, human body size is in the room, the lights stay on, plus a couple of minutes. If you have incandescent light bulbs, consider replacing them with the compact fluorescent bulbs. If you can afford to make a real change, look into LED bulbs, similar to many Christmas lights available these days, but larger and much more efficient.

The other way to make a change to what you are paying is to consider an electricity retailer. But, I cannot stress this point enough;

**DO YOUR HOMEWORK.**

There are Companies that are, “door knockers.” Yes, they have people invade your neighbourhood and call on you to change your electricity provider from your Utility to them, usually guaranteeing a saving. The key point about these salespeople is to BEWARE!!! They get their foot in the door and they will not stop until you sign up or you call the Police. I am serious.

They will first profess their Authorized status to be talking to you about your electricity provider and that they can offer a better plan and that you will save big money when you, “Approve” one of their offerings.

They stay away from more permanent terms like, “Sign our Contract.”

But the truth is always in the fine print. I have seen friends who got stuck in this kind of contract who were paying more than double the Utility rate before they were able to get out or the time on the contract ran out. If this has happened to you, you can rest assured that once you have let your retailer know that you do not wish to continue, your account reverts back to your Utility.

Why do these retailers exist? Well, some time ago, to ensure monopolies in the Energy Sector did not continue, Governments committed to de-regulation. This is supposed to allow private retailers to purchase electricity from the local Utility at wholesale prices and offer, what is supposed to be, “a

better price.” Remember, Electricity is a commodity and that means that profits are usually razor thin, no matter whether the Customer is residential, commercial or industrial. But a good alternate supplier may be offering a better rate, particularly if they are offering a reasonable fixed rate over a period of time. Plans I have seen cover from 3 to 5 years in Ontario. But, something that you may want to consider is supporting the, “Green Movement.” A few of the retailers do offer, “Green Plans,” which do include a small premium that goes toward the production of, “Green Energy,” such as hydro, solar or wind energy.

Retailers offer you a direct Protection Plan from the Smart meter and / or the balance of the planned increases. Though you can likely find a fixed rate over time, there should be options to follow the existing rate of the day, until you see the rate is going up. Some retailers also offer a 50 / 50 plan where you pay half fixed and half regular rate. It is important that you compare prices. There is really no such thing as cheap energy, but, there are Plans out there that can keep your utility bills manageable.

Now, it is important to note that Retailer pricing must add a Government Floating allowance called the RPP, (Regulated Price Plan, and you can review pricing monthly here;

<http://www.ontarioenergyboard.ca/OEB/Consumers/Electricity/Electricity+Prices>

Now, the “Tiered” prices given are;

Retail price + RPP = Total Rate.

It is extremely important to realize that any price given to you by a Retailer does not include the RPP. That RPP has been floating around 4 cents per kWh which must be added to the Retailer's quoted price.

Now, some Retailers will say that they have included this amount. When it is floating, (changing) every month, it cannot be inclusive.

Finally, on Electricity, changing your supplier will change your bill from three prices, supplied by the Smart Meter, down to one rate and one line. The Retailer rate will not effect your charges for Delivery or any other line item, including tax, except, it is hoped, the tax will also be reduced.

## **Natural Gas in 2012**

Natural Gas is a commodity but also a supply that continues to dwindle worldwide. Though this should also provide continuously rising prices, the opposite is actually true. Natural Gas prices are the lowest they have been in years. So, why would you want to enter into any contract?

A Natural Gas Contract will allow you to control what you pay. It is likely that no one will want to immediately change their “Market Price,” to a, “Fixed Price,” over time. But, there are two reasons to consider a, “Gas Contract,” right away.

- 1) As Gas is at its lowest in a long time, a Plan that offers you an option to pay a, “Market Price,” starting out and then allows you to lock in at a slightly higher price when you see an upward trend starting will allow you to improve your financial outlay over time.
- 2) If you wish to opt into a, “Green,” Program, which allows you to pay a small premium,

knowing that it is directed toward, “Green Energy Production,” this type of Plan may be for you.

There is also a Plan that will allow you to sign up for a Market Rate AND add the, “Green Energy,” feature. It will also allow you to lock into a, “Fixed Rate,” at a later date, should trends indicate a rise.

For your information, Gas Supply in Eastern Canada comes mostly from Western Canada via pipelines. Natural Gas comes from the plant and animal matter compressed under solid rock for millions of years. In fact, about 10 % of the Natural Gas used in the USA also comes from Canada.

The Ontario Energy Board also regulates the Natural Gas Sector.

## **Water Heaters**

In Ontario, fully 94% of all water heaters are rented. The life span of a water heater is usually determined by the hardness of the water in your area. But most will last 10 to 15 years, sometimes longer.

Water Heaters come in several flavours, electric, natural gas and, “On Demand,” the most interesting, newest and most expensive.

The over riding issue with water heaters is efficiency. Years ago, when you got a new water heater, you ran out to the hardware store and purchased an, “Insulation Kit,” that allowed you to cover your water heater with a layer of insulation to attempt to save the heat, as long as possible. There was even some pipe insulation to save the heat escaping from the output pipes headed out to sinks and showers. These are all outlawed now.

The good news is that today's water heaters are more efficient. In fact, if your Water Heater is more than 7 years old, you can look to saving up to 35% in energy costs by replacing your existing water heater with a new one.

## **Where Do I Go for a Good Deal?**

You are already here!!!!

When you supplied your name, number and email, we took that information into our Database so that we can contact you and discuss what we can do to help you, “Get Control of Your Energy Costs.”

In the next 1 to 2 business days, one of our brokers will be contacting you to direct you to our Site and guide you through the process. It is relatively painless, but it does take a bit of time. It has been our plan to orient you to as much of the details as possible beforehand to be able to utilize our time together and minimize the time to take the final steps.

If you cannot wait for our call, please, call me or email and we will get you going right away.

Certainly, write down any questions so that we can take care of them when we contact you.

Finally, please accept our thanks in giving us the opportunity to help you with this process. It is not an easy one but we hope that our planning and ability to explain it will give you confidence in our abilities to care for your Energy needs.

Sincerely,

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