

**ENERGY LAW BULLETIN**

December, 2004

**ELECTRICITY RESTRUCTURING ACT RECEIVES ROYAL ASSENT**

The *Electricity Restructuring Act* (the “ERA”) received third reading and royal assent on December 9, 2004 to become law two years to the day after the Ernie Eves government froze the price of electricity with the highly controversial *Electricity Pricing, Supply and Conservation Act, 2002*.

Provisions of the ERA include:

- The legal authority to create the Ontario Power Authority which will be the agency responsible for long-term planning and the counterparty for successful bidders in the Ministry of Energy’s requests for proposals;
- The move of the Market Surveillance Panel from the IMO to the OEB;
- Changing the IMO to the IESO;
- Granting the OEB, who released a draft proposal on the regulated price plan December 7, 2004, the legal mandate to set prices for low-volume consumers.

**REGULATED PRICE PLAN**

On December 7, 2004 the Ontario Energy Board (the “Board”) issued its proposal regarding the Regulated Price Plan (the “RPP”) seeking comments from stakeholders by December 21, 2004. The Board is holding a one day workshop on December 14, 2004 to explain its proposal. The Board intends to review comments for incorporation into the amendments of the various codes that are necessary to implement the RPP.

The RPP proposal:

- Would set a regulated tiered price in early 2005 to commence May 1, 2005;
- Provides for a two stream process to accommodate conventional and smart meters;
- Sets a transition period where the price is set for the first year and in subsequent years subject to a periodic adjustment;
- Establishes a price adjustment methodology incorporating both price true-ups and rebasing;
- Seeks input on conventional meter pricing schemes regarding threshold levels and the need for seasonal variations in the low-volume consumer rates.

*If you have any questions or would like to speak about the impact of these events on your business please feel free to contact a member of the McMillan Binch Energy Group.*

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*The foregoing provides only an overview. Readers are cautioned against making any decisions based on this material alone. Rather, a qualified lawyer should be consulted.*