



NEWS RELEASE

Ontario hasn't solved its electricity problems, just shifted them from consumers to taxpayers

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For Immediate Release

TORONTO—The Ontario government has failed to fundamentally solve the province's electricity problems and continues to shift the burden from consumers to taxpayers by subsidizing hydro rates, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Successive governments in Ontario have sought to subsidize the costs to produce and consume electricity in Ontario, which have had the effect of masking the true costs, and saddling taxpayers with increased public debt,” said Philip Cross, senior fellow at the Fraser Institute and co-author of [*Ontario Government Perpetuates Poor Electricity Policy*](#).

The province's surcharge on electricity, the Global Adjustment, continues to rise as a result of contracts with (largely) wind and solar energy producers that guarantee a high price, regardless of energy demand. Instead of lowering hydro prices as promised, the Ford government had to raise them because of the continuing pressure higher costs put on the deficit. In fact, Global Adjustment increased by 13 percent between June 2018 and 2019.

As a result of soaring hydro prices for residents, the previous and current provincial government introduced taxpayer-financed subsidies for residential ratepayers to lower their electricity costs.

Crucially, government subsidies for electricity producers and consumers in Ontario makes it nearly impossible for Ontarians to determine the true costs of electricity since they are incurring costs both in their hydro bills and with their taxes.

“These taxpayer subsidies keep Ontarians in the dark about the true costs of electricity, and keep policymakers from focusing on real solutions,” Cross said.

“Lower electricity costs would also help restore Ontario's competitiveness.”

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