

June 9, 2002

## **CONSUMER ACTIONS CAN REDUCE WHOLESALE PRICE OF ELECTRICITY DURING THIS WEEK'S HOTTER WEATHER, SAYS THE IMO**

This week, consumer actions can play a major role in the wholesale price of electricity in Ontario's new market, Dave Goulding, President and CEO of the Independent Electricity Market Operator (IMO) said today.

"Forecast higher electricity use resulting from sustained hotter weather, combined with higher than expected generator outages, means higher prices are likely in the wholesale electricity market this week" said Goulding. Electricity price and use are very responsive to increases in temperature and humidity, as many Ontario homes and businesses are equipped with air conditioning.

The weather forecast calls for today's higher temperatures to continue through mid-week, which traditionally means high demand for electricity to meet air conditioning load. These higher temperatures will result in more expensive sources of electricity being called upon to meet heavier demand. With less generation available, the result will be upward pressure on Ontario's wholesale electricity prices.

Consumers can help lower the wholesale price of electricity, and their own bills, by reducing their own electricity consumption. Actions could include;

- setting air conditioners to 24 degrees Celsius or higher;
- turning off unnecessary lights and appliances;
- closing curtains and blinds to keep out the sun and retain cooler air inside;
- delaying the use of major power-consuming equipment such as dishwashers, washers and dryers until after 8:00 p.m. or later.

Wholesale market participants were advised last Thursday, June 6, that they might wish to review their operational and commercial plans in light of the hotter weather forecast and the generation supply outlook anticipated for this week. In addition to Ontario generation, suppliers will likely arrange deliveries from neighbouring jurisdictions.

In the wholesale electricity market, a bidding process sets the price of electricity according to available supply and demand. Generators submit offers to supply electric power into the grid in different quantities and prices for each hour of the day. Every five minutes, the IMO calculates a new "on the spot" market price (the market clearing price) by matching the supply of electricity with demand at that particular time.

The Independent Electricity Market Operator (IMO) is responsible for operating and regulating Ontario's wholesale electricity system and the wholesale electricity marketplace - linking buyers and sellers while directing the flow of electricity on Ontario's transmission system from generators and suppliers to local distribution companies and wholesale buyers.

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