

## What are time-of-use Rates?

The vast majority of homes and small businesses in Ontario are billed for their electricity using time-of-use (TOU) rates which are set by the Ontario Energy Board (OEB).

Time-of-use rates are different depending on when you use electricity. There are three periods:

- Off-peak: when demand for electricity is lowest. Ontario households and small businesses use the majority of their electricity – nearly two thirds of it – during off-peak hours. This is from 7 pm to 7 am weekdays, weekends, and statutory holidays all year round.
- Mid-peak: when demand for electricity is moderate. These periods are during the daytime, but not the busiest times of day.
- On-peak: when demand is highest. These are the busiest times of day – generally when people are cooking, starting up their computers and running heaters or air conditioners.

## Why time-of-use rates vary?

Time-of-use rates vary according to demand. They are cheapest when demand is lowest: during the evenings, on weekends and on holidays.

In Ontario, when demand is lower, most of the power we use comes from sources like nuclear generators and large hydroelectric stations, which are designed to run all the time. This is called baseload power.

As daytime begins, more people turn on their lights and appliances, and businesses ramp up their operations for the workday. These are high demand times for electricity. If all of the baseload power is used, the province turns to other sources like natural gas-fired generation, which typically costs more than baseload.

Time-of-use rates follow a similar pattern: as the demand for electricity rises, the price increases, and as it decreases, so does the price.

## Summer and winter rate periods

People use electricity differently depending on the season, so the OEB established two sets of time-of-use rate periods: summer and winter. No matter the season, on weekends and holidays the cheapest rates are in effect all day. In summer, electricity use peaks during the hottest part of the afternoon, when air conditioners are running on high. On-peak hours in the summer are mid-day. In winter, less daylight means electricity use peaks twice: once in the morning when people wake up and turn on their lights and appliances, then again when people get home from work. There are two sets of on-peak hours to reflect this.

The charts below show when time-of-use rates apply in summer, winter and on weekends and holidays.

