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Toronto, Ontario, M2P 2A6

June 25, 2025/VIA EMAIL

Ministry of Energy and Mines
77 Grenville Street
Toronto, Ontario
M7A 2C1

Re: Environmental Registry of Ontario Proposal Number 025-0501/Financing for Ontario Power Generation's major nuclear projects

On behalf of our 39,000 members in all sectors across Ontario, we welcome the opportunity to participate in the government's consultation on the proposed regulatory amendments for new nuclear generation projects that would result in higher energy costs for all ratepayers, including small businesses.

As we stated in our June 12, 2025 submission regarding new hydroelectric generation projects (Environmental Registry of Ontario Proposal Number 025-0449), the overall message is clear: It's not a matter of *if* energy rates will rise, it is a matter of by how much and *exactly when*.

We urge the government to consider small business affordability challenges of the day in any energy rate increase decisions. According to CFIB's Monthly Business Barometer® data, the long-term (12-month) business confidence level among Ontario's small businesses hit an all-time low in March - largely driven by the U.S. trade war - and despite three consecutive months of noticeable increases, it remains considerably below where it was before the U.S.-Canada trade war.

June 2025 marked the 22nd consecutive month that insufficient consumer demand was rated by small businesses as the top limitation in Ontario on sales or growth. Persistent low consumer demand means persistent lower sales/revenues for many of our members.

In addition to the issue of poor demand, businesses are already spinning their wheels in the mud from ongoing uncertainty and confusion due to U.S. tariffs, and ever-increasing costs of doing business. A new, significant energy rate increase could sink them even deeper.

In the best of times, it's much more challenging for small businesses to absorb higher costs of any kind compared to their larger counterparts. In a special CFIB Ontario Energy Survey conducted earlier this month, **43% of small businesses said they would pass along all energy rate increases to consumers**, and **only 29%** said they would be able to absorb up to a 10% rate increase before having to pass it on to consumers. A mere 3% of small businesses said they could absorb all energy rate increases without passing along any costs.

In the same survey, an overwhelming 86% of Ontario small business owners expressed concern about the prospect of energy rate increases if Ontario Power Generation (OPG) is allowed to recover costs during the construction phase of new nuclear projects.

Increasing energy rates on small businesses could mean that consumers get hit twice. Consumers would automatically pay more as ratepayers and then a second time when small businesses are forced to pass on the energy rate increases to their customers.

Our members are seeking further clarity through responses to other questions. For example, is the government's proposed Concurrent Cost Recovery (CCR) mechanism for nuclear projects another version of the Global Adjustment (GA)? Would the new CCR mechanism use the GA's billing framework?

Recommendations:

- Clearly define any potential rate increases for Class A and Class B ratepayers under this proposal - how much an increase will businesses see and when will it arrive?
- Be transparent by releasing the "significant overall ratepayer savings" through the proposed regulatory changes.
- With that detailed information on rate increases and savings, extensively consult with small- and medium-sized businesses to a) give them the earliest warning that these rate increases may be coming, and b) hear what the specific impacts would be on businesses, their customers, and therefore Ontario's economic growth and prosperity, which is underpinned by small- and medium-sized businesses.
- Ensure the CCR mechanism will be used in a way to reduce the initial impact on small business bills and spread the costs over a lengthy period to minimize impact.
 - Outline the phase-in timelines and corresponding charges to give businesses time to plan for any increases.

Thank you again for the opportunity to comment. We hope you will seriously consider our recommendations and read the attached comments that come directly from our small business members, in their own words.

Sincerely,

Original signed by

Angela Drennan

Vice-President, Legislative Affairs,
Ontario

Original signed by

Julie Kwiecinski

Director of Provincial Affairs,
Ontario

Original signed by

Joseph Falzata

Policy Analyst, Ontario

Att./Appendix

APPENDIX

In our recent CFIB Ontario Energy Survey, we included an open-ended question where our members could share their thoughts on how energy costs have affected their business. Here are some of their unedited comments.

“Rising energy costs are putting our small business in a vulnerable position that is reflecting in our customer costs and subsequently reducing demand due to increased client costs.”

“Our prosperity is directly linked to energy costs. If it goes up, we will respond by laying people off.”

“It’s not that just ‘this’ is going up. Everything is going up, and that has to be passed along to the end customers.”

“All costs affect our business. Energy costs are already too high.”

“Energy costs have significantly impacted our operating expenses. Increased electricity and heating bills have raised our overall monthly costs, making it more challenging to maintain previous pricing levels for our services.”

“... They have enough money to fund the power projects without the need to ‘tax’ their constituents more. I suggest they also look at government spending on personal expenses to further increase the money available to fund the projects that the people of Ontario need.”

“Energy costs are a large part of our overhead, but we would prefer a smaller increase over a longer period of time, rather than get hit with a large increase when projects are completed.”