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VIA EMAIL

September 15, 2025

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

Re: Environmental Registry of Ontario Proposal Number 025-0993/Proposed Amendments to the Electricity Act, 1998, Ontario Energy Board Act, 1998 and the Municipal Franchises Act, to secure energy for generations.

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 energy-related regulatory amendments, but are deeply concerned with Section 2 of the proposed amendments to the *Ontario Energy Board Act, 1998*, that "would allow certain rate regulated entities covered by any such procurement restrictions to establish a Deferral or Variance Account to track increased costs stemming from limited access to contracts from certain jurisdictions... for prudency and potential recovery through rates."

The story of increased energy rates on small businesses is increasing every day and becoming far too common. Over the past few months, we've received multiple cases where member energy bills have increased by the thousands of dollars. Last Friday, September 12th, we received a call from another distressed business after **her energy bills had jumped 196% between June and August.**

For this reason, we urge the government to consider small business affordability challenges of the day in any decisions regarding future energy rate increases. 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 several months of recovery, business confidence in September remains noticeably below where it was before the Canada-U.S. trade war. Businesses are already spinning their wheels in the mud from ongoing higher costs and uncertainty/confusion due to U.S. tariffs. All businesses need time to plan for increased costs and the phasing in of those costs will be needed so SMEs can remain operating and viable in Ontario.

August 2025 officially marked the two consecutive years (24 straight months) that insufficient demand was rated by small businesses as the top limitation in Ontario on sales or growth. Persistent low demand means persistent lower sales/revenues for many of our members.

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 in June, **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 energy projects.

Finally, increasing energy rates on small businesses could mean that consumers get hit twice. Consumers would automatically pay more as ratepayers and even more if small businesses are forced to pass on some or all of the energy rate increases to their customers.

Recommendations:

- Clearly define and extensively consult with small- and medium-sized businesses on any potential rate increases for Class A and Class B ratepayers.
- Ensure the variance account 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.
- Make public the amount recorded in the variance account and report on small business impacts.

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 of Provincial Affairs, Ontario

Original signed by

Joseph Falzata
Policy Analyst, Ontario

APPENDIX

In our June 2025 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.”