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Powering Small Businesses

Rising energy costs in Ontario and the case for a higher small business tier threshold

November 2026

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

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Executive summary

Energy keeps Ontario's small businesses running, and it matters more now as rising rates push their bills higher at a time when owners are already absorbing costs across their businesses. Yet the province's tiered pricing structure and its energy-saving programs remain largely unknown among the small businesses that need them most. This report outlines the barriers and how the Government of Ontario can remove them, drawing on the Ontario results of CFIB's 2026 Energy Survey,[1] a review of more than 100 energy bills supplied by small business owners across various industries,[2] and CFIB's 2024 survey of Ontario small business programs.[3] Together, they show that business owners cannot simply use less energy, that rising rates rather than higher use are driving their bills up, that the province's small business tiered pricing structure is set below what a typical small business needs, and that the programs meant to help lower costs are largely unknown. The report's central recommendation is to raise the 750 kWh monthly threshold above which small businesses on tiered pricing begin paying the higher rate, and to set the new level using commercial consumption evidence rather than a figure inherited from residential pricing.

Key findings

- **Energy is essential, not optional:** 93% of Ontario small businesses rely on grid electricity as their main power source for lighting, air conditioning, and office equipment, and for 46%, energy costs account for at least 5% of total business costs.
- **Energy costs are rising:** 62% saw their grid electricity costs increase over the past 12 months, and 88% are concerned that energy costs will negatively affect their business in the year ahead.
- **Rates, not consumption, are driving bills higher:** 71% blame provincial rate increases and only 17% believe the increase is due to their own higher consumption. In the largest bill increase CFIB reviewed, higher time-of-use rates added $1,638, more than double the $755 attributable to higher consumption. Rate increases are compounded by the need to upgrade and build infrastructure to serve growing demand.
- **Business owners are absorbing the cost:** 65% have absorbed higher energy costs through reduced profits, 33% have raised prices, and 22% have delayed investments. Only 14% were able to shift their consumption to off-peak hours.
- **The 750 kWh tier threshold does not reflect how small businesses consume energy:** six of seven commercial accounts in CFIB's review of business owners' bills averaged more than 750 kWh per month, and the median account used 2,924 kWh, nearly four times the allowance.
- **Today's commercial threshold matches a former household allowance:** the Ontario Energy Board applied a 750 kWh threshold to residential customers in 2004 and 2005. Households now receive 1,000 kWh in winter; small businesses still receive 750 kWh monthly year-round.
- **Awareness of energy programs and electricity pricing options remains very low:** between 50% and 71% of small businesses were unaware of each Save on Energy program and Regulated Price Plan option, and only 17% agreed that Ontario was effectively addressing small business needs.

[1] CFIB, Energy Survey, March 5 to May 4, 2026, Ontario results. Ontario response bases vary by question and are reported with each figure. Multi-select questions may total more than 100%.

[2] CFIB analysis of 101 electricity bill records supplied by seven Ontario small business owners covering nine accounts (seven commercial, two residential), 2025 and 2026. See Methodology.

[3] CFIB, Ontario Small Business-Related Programs Survey, June 20 to July 8, 2024, n=1,125. Program awareness figures and comments from business owners originate in CFIB's earlier unpublished Ontario energy report.

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- **Business owners want rate relief above all:** 73% identified reducing energy rates for small businesses as the action they most want from government.

Introduction

Ontario's small businesses are being squeezed on their energy bills from two directions at once. The energy they depend on to operate is costing more every year, and most cannot use less of it. At the same time, two of the most practical tools the province has to help them remain largely unknown and therefore under-used by the very businesses that need them most: a tiered pricing plan built for customers who cannot shift their usage, and a set of energy-saving programs.

Energy is not a discretionary expense for a small business. It keeps the lights on, the refrigerators cold, the point-of-sale system running, and the production line moving. When energy prices rise, small business owners have few places to turn: they can cut into already thin margins, raise prices for their customers, or put off the investments that would help them grow.

The pressures are real and mounting. Nearly two-thirds (62%) of Ontario small businesses saw their grid electricity costs rise over the past year, and 88% are concerned that energy costs will hurt their business in the year ahead. Business owners have told CFIB, clearly and repeatedly, that energy costs are among the most serious pressures they face.

This is precisely where the province's pricing structure should help. Small businesses on Ontario's Regulated Price Plan can choose how they are charged for electricity, and two of the options matter most for this report. Under Time-of-use pricing, the price depends on when electricity is used: it is lowest overnight and on weekends and highest during weekday peak hours, so a business saves only if it can move its usage to off-peak periods. Under tiered pricing, the price is the same at any time of day: a business pays a lower rate for the first 750 kWh it uses each month and a higher rate for everything above that. For businesses that cannot move their usage to off-peak hours, tiered pricing should offer a fair alternative to Time-of-use pricing. Yet the threshold at the heart of tiered pricing is still not designed with small businesses in mind. At 750 kWh per month, it was modeled on household usage from two decades ago and sits below what a typical small business uses. The result is that a pricing option meant to offer relief too often passes by the businesses that need it.

This report examines the importance of energy to small businesses, how quickly energy costs are rising and why, how business owners are navigating the pressure, why the 750 kWh threshold for small businesses no longer fits, and why the programs that could ease the pressure are not reaching business owners. It closes with recommendations the Government of Ontario and Ontario Energy Board should adopt. Findings from CFIB's 2026 Energy Survey are reported throughout, and all data sources are described in the methodology at the end of this report.

Energy is essential to everyday operations

The story begins with how small businesses use electricity. For most, it is not a cost they can choose to reduce. Grid electricity is the main source of power for lighting, air conditioning, and office equipment

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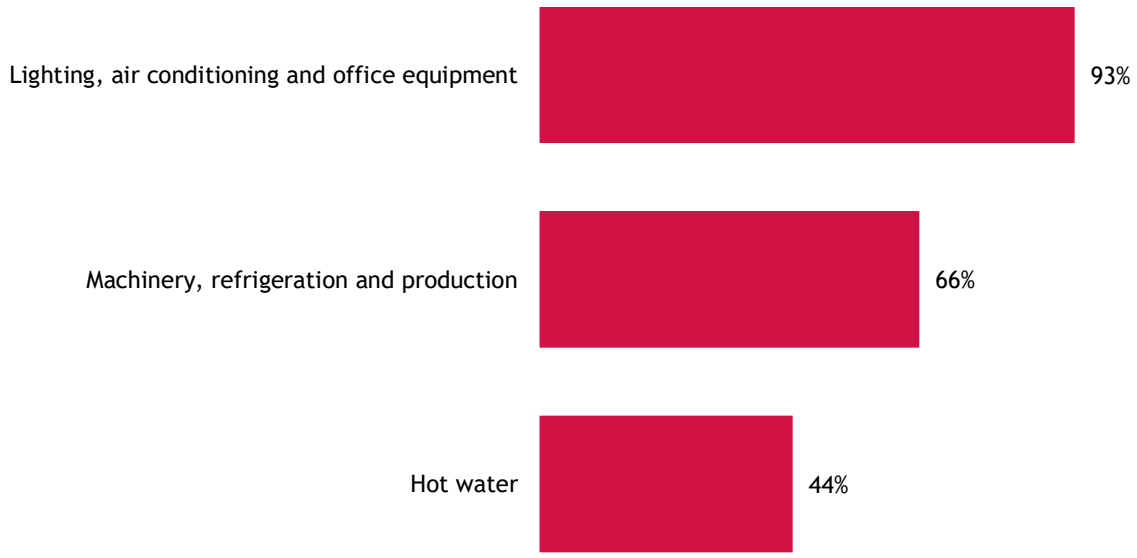
for 93% of Ontario small businesses. It is also the main source for machinery, refrigeration and production for two-thirds (66%), and for hot water for 44% (see Figure 1).

Figure 1

How does your business use energy, and what is the main source for each? (Select one for each), Ontario (% of responses)



Source: CFIB, Energy Survey, March to May 2026, n=830 to 847 depending on the use.

These are not optional loads. A restaurant cannot switch off its walk-in cooler, and a manufacturer cannot idle its equipment to keep the bills down. That dependence also makes energy a significant line on the books: for nearly half of Ontario small businesses (46%), energy accounts for at least 5% of total business costs. When a cost that large and unavoidable starts to rise, every increase flows straight to the bottom line.

Energy costs are rising for Ontario small businesses

For one in seven (14%) Ontario small businesses, grid electricity costs rose by 20% or more over the preceding 12 months. Almost half (48%) reported a moderate increase of between 5% and 19%, while 28% saw no significant change and only 5% saw their costs fall (see Figure 2).

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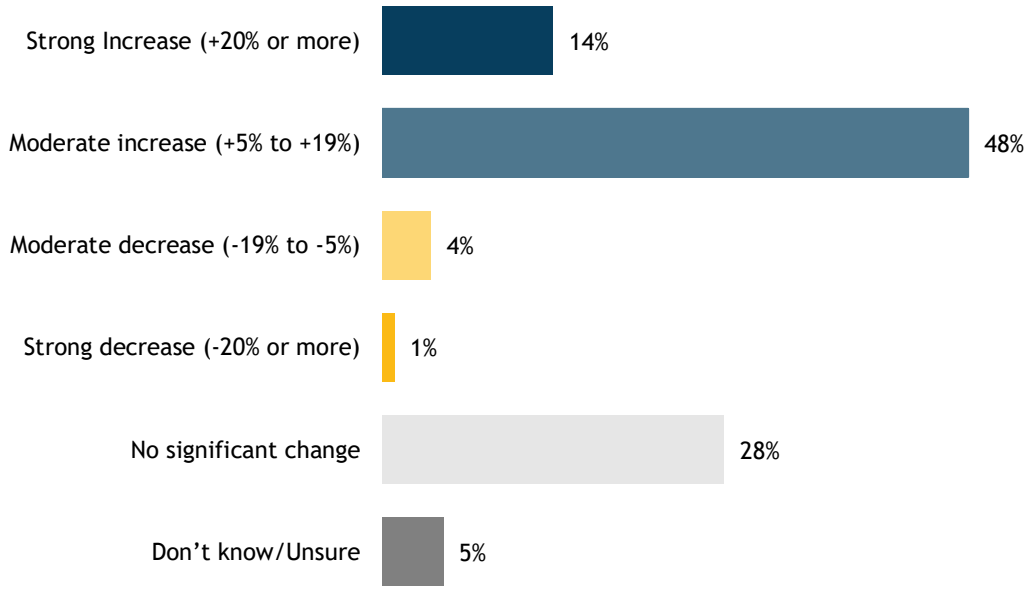
Figure 2

Over the past 12 months, how have the following energy costs changed for your business? (Select one per line) | Electricity from grid, Ontario (% of responses)



Source: CFIB, Energy Survey, March to May 2026, n=600.

Rates, not consumption, are driving bills higher

When asked what was driving their energy bills higher, 71% of Ontario respondents pointed to provincial electricity rate increases. Only 17% attributed the increase to their own higher consumption. Small business owners do not believe they are using more electricity; they believe they are paying more for the same electricity.

The bills business owners shared with CFIB tell the same story. One retail business, a used-car dealership, provides the clearest example, as the only commercial account with a full set of comparable bills from the previous year. Across four matched billing periods, its net costs rose 19%, from $7,882 to $9,414. Electricity consumption increased 12%, from 51,334 kWh to 57,659 kWh. However, higher Time-of-use rates added $1,638 to the bills, more than double the $755 attributable to increased consumption. Part of the increase was offset by the Ontario Electricity Rebate, a provincial credit that reduces the pre-tax bills of eligible customers, including most small businesses, by a set percentage. The province raised the rebate from 13.1% to 23.5% on November 1, 2025.[4] Without that larger rebate, which offset $1,438 of the increase, the business would have paid nearly $3,000 more. Since then, the province has reduced the rebate to 15.7%, effective November 1, 2026, so businesses will have less protection against future rate increases.

[4] Entegrus: Ontario Electricity Rebate (OER)
Hydro One: Ontario Electricity Rebate

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This example shows that rising rates, not rising usage, are doing most of the damage. For business owners, that means using less electricity can only do so much, and it leaves them with harder choices about how to absorb the increasing costs.

How small businesses are coping with rising energy costs

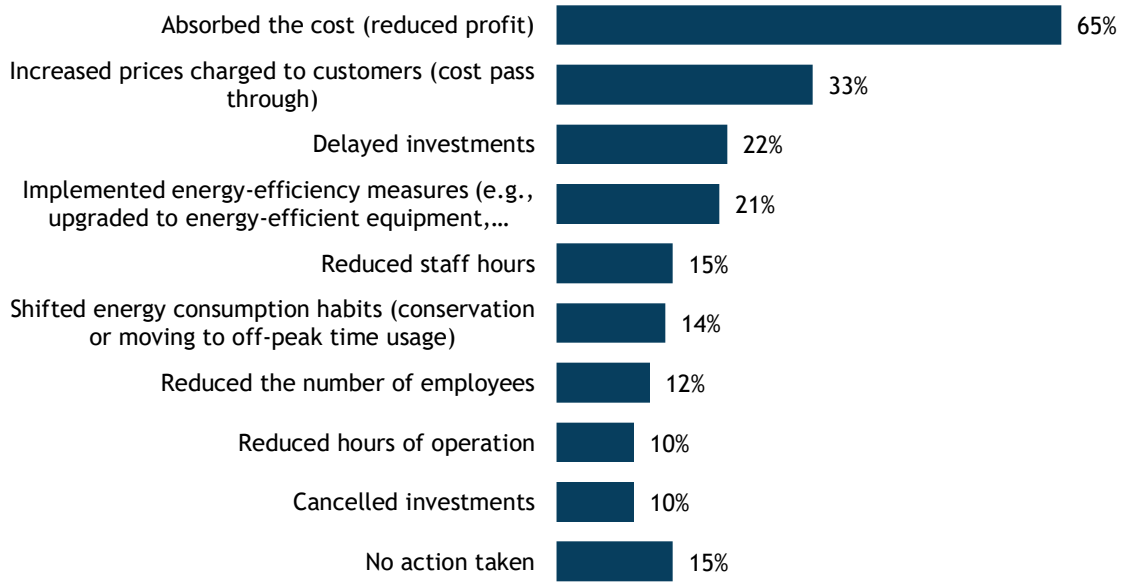
Most business owners chose to absorb the cost, impacting already slim margins. Almost two-thirds (65%) of Ontario small businesses reported reduced profits due to higher energy costs. One-third passed some of the cost on to customers through higher prices, and roughly one in five delayed investments (see Figure 3).

Increased costs do not stop with the owner; they reach employees, too. One in seven respondents (15%) reduced staff hours, 12% reduced the number of employees, and 10% reduced their hours of operation. Rising electricity costs are already costing Ontario jobs and shifts.

Small businesses are limited in what they can do to lower their energy costs. Only 21% implemented energy efficiency measures, and only 14% shifted their consumption to off-peak periods. Unlike households, most small businesses cannot change when or how much electricity they use. For them, Time-of-use pricing offers little relief, and the natural alternative is Tiered pricing, which charges the same rate at any time of day. Whether Tiered pricing is a real option for these businesses depends almost entirely on one number: the 750 kWh/month threshold.

Figure 3

Actions taken in response to higher energy costs over the past 12 months, Ontario (% of responses)



Source: CFIB, Energy Survey, March to May 2026, n=492. Multiple responses allowed.

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The 750 kWh threshold does not reflect how small businesses use electricity

The threshold is the dividing line in Ontario's Tiered pricing plan. Small businesses on the Regulated Price Plan can choose Tiered pricing, under which the first 750 kWh consumed each month is billed at the lower Tier 1 rate and everything above it at the higher Tier 2 rate. As of November 1, 2026, those rates are 11.2 and 13.2 cents per kWh. Residential customers on the same plan receive a larger allowance in winter: 1,000 kWh per month from November to April, and 600 kWh per month in summer.[5]

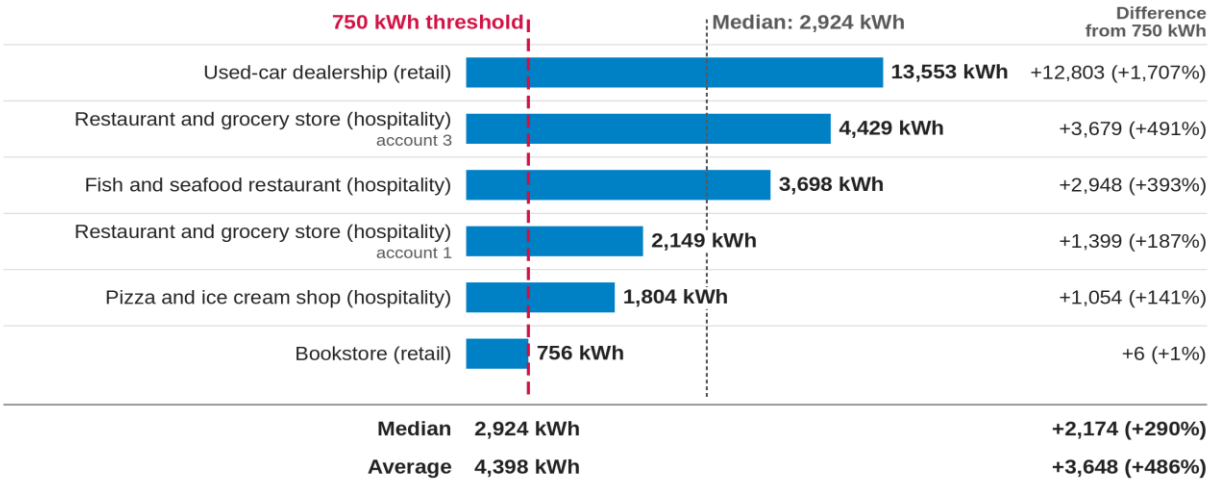
The current allowance for businesses also has a history. The Ontario Energy Board's historical rate tables show that 750 kWh was the *residential* threshold in April 2004 and April 2005, before the winter allowance for households was raised to 1,000 kWh in November 2005. Two decades later, Ontario's small businesses are still being measured against an allowance that was originally set for households, and which the province itself decided was too low for households in winter. A threshold set for households cannot be expected to reflect what a business needs to operate.[6]

Business owners' bills show consumption far above the allowance

If the threshold was not originally designed around commercial needs, the next question is whether it in fact meets small businesses' operating needs. To find out, CFIB reviewed 66 bills covering seven commercially classified accounts from five Ontario small businesses in the hospitality and retail sectors. Consumption on each bill was standardized to a 30-day period so that bills of different lengths could be compared (see Figure 4)

Figure 4

Average monthly consumption of commercial accounts compared with the 750 kWh tier threshold (kWh per 30 days)



[5] Ontario Energy Board (2026), Electricity rates, https://www.oeb.ca/consumer-information-and-protection/electricity-rates (accessed 2026-09-18). Tiered prices effective November 1, 2026 are used for all scenarios.

[6] Ontario Energy Board (2026), Historical electricity rates, https://www.oeb.ca/consumer-information-and-protection/electricity-rates/historical-electricity-rates (accessed 2026-09-18).

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Source for Figure 4: CFIB analysis of electricity bills supplied by small business owners, 2025 to 2026. The used-car dealership bar is shortened to fit the scale. Because the dealership's consumption skews the average, the median is used as the measure of typical consumption. The lowest-consuming account (a secondary restaurant and grocery store meter, 165 kWh) is excluded because it does not reflect the business's operating needs. The bookstore figure is indicative because two invoices show overlapping service dates. The two restaurant and grocery store accounts shown belong to the same business but have different account numbers; the Ministry of Energy and Mines and the business's local distribution company confirmed to CFIB that the tier threshold applies to each account separately.

The answer is that the 750 kWh threshold does not work for small businesses. Excluding one small secondary meter, every account in the review exceeded 750 kWh. The average across these six accounts is 4,398 kWh per month, but that figure is skewed by the used-car dealership, which at 13,553 kWh used more electricity than the other five accounts combined. Without it, the average would fall to 2,567 kWh. Because a single very large account can distort the average this much, this report uses the median, the account in the middle of the range, as the best measure of what a typical small business uses. The median account used 2,924 kWh per month, nearly four times the allowance. Across all seven accounts, 56 of the 66 individual billing periods reviewed exceeded 750 kWh once standardized to 30 days.

The five businesses reflect the range of small firms that cannot operate without a steady supply of electricity. Three are in hospitality. The fish and seafood restaurant, at 3,698 kWh, and the pizza and ice cream shop, at 1,804 kWh, both depend on commercial cooking equipment, refrigerators and freezers that run throughout the day. The restaurant and grocery store combines a kitchen with a grocery business that sells prepared and frozen meals, which must be kept in coolers and freezers around the clock so they do not spoil. It runs three separately metered accounts at one location. Because the tier threshold applies to each account, each meter is assessed on its own: two averaged 2,149 and 4,429 kWh, while the third, a small secondary meter at 165 kWh, is the only account in the review below the threshold and is excluded from the analysis because it does not reflect the business's operating needs. Taken together, the business’s three meters averaged 6,743 kWh per month. The other two are in retail. The bookstore, which uses electricity mainly for lighting, heating and cooling, sat just above the threshold at 756 kWh, showing that even a business with modest needs exceeds the allowance. The used-car dealership was the highest consumer at 13,553 kWh. It operates a large outdoor vehicle lot that must be lit and secured, on top of its showroom, dealership and detailing operations. Its consumption is several times that of the other businesses, which is why this report uses the median to describe a typical business.

These results matter even though the accounts are currently billed on Time-of-use or retailer contracts rather than Tiered pricing. They show what a typical hospitality or retail business needs to consume in order to operate, not the Tier 2 charges these particular businesses have paid, and that is precisely the question a threshold should answer: how much electricity does a small business need before the higher rate applies? On the evidence of these bills, the median small business uses 2,924 kWh a month, nearly four times the current allowance. A threshold of 3,000 kWh would cover the typical business’s needs with room for seasonal peaks and growth.

What a higher threshold would be worth

Raising the threshold would put money back into small businesses. Every kilowatt-hour that moves from Tier 2 to Tier 1 saves a business 2.0 cents on the electricity line of its bill. Table 1 sets out the maximum monthly and annual savings for a Tiered customer whose consumption is at or above each

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illustrative threshold, before and after HST and the Ontario Electricity Rebate. Delivery and regulatory charges are held constant.

Table 1

Maximum monthly and annual savings under illustrative tier thresholds

Illustrative threshold	Additional Tier 1 kWh	Monthly electricity savings	Net monthly savings	Annual electricity savings	Net annual savings
1,000 kWh	250	$5.00	$4.86	$60.00	$58.38
1,500 kWh	750	$15.00	$14.59	$180.00	$175.14
2,000 kWh	1,250	$25.00	$24.32	$300.00	$291.90
3,000 kWh	2,250	$45.00	$43.78	$540.00	$525.42
5,000 kWh	4,250	$85.00	$82.70	$1,020.00	$992.46

Source: CFIB calculations using Ontario Energy Board Tiered prices effective November 1, 2026 (11.2 cents per kWh for Tier 1 and 13.2 cents per kWh for Tier 2). Net saving assumes 13% HST and a 15.7% Ontario Electricity Rebate as shown on eligible bills. Annual savings assume consumption at or above the threshold in every month and prices held at November 1, 2026 levels. Savings are lower for businesses consuming less than the new threshold.

These figures are modest on a monthly basis but add up over a year to as much as $992 after HST and the rebate at a 5,000 kWh threshold. More importantly, a threshold grounded in commercial consumption would make Tiered pricing a realistic option for the businesses identified earlier in this report that cannot shift their load to off-peak hours, giving them a genuine choice between plans rather than a choice between two forms of penalty. A fair threshold, however, is only one part of the answer; the other is making sure business owners can use the tools Ontario already funds to help them cut their energy costs.

Awareness of electricity pricing options and energy programs remains low

Tools exist to lower energy costs, but few business owners know about them. Ontario offers small businesses several pricing plan options and energy efficiency programs that could help offset rising costs, yet CFIB's 2024 survey about energy program found that only 17% of respondents agreed that the Ontario government was effectively addressing small business needs. Among the roughly 300 open-ended comments, three themes recurred: distrust of government programs, lack of awareness, and concern about the time required to apply (red tape). One wholesale business owner summed up the frustration:

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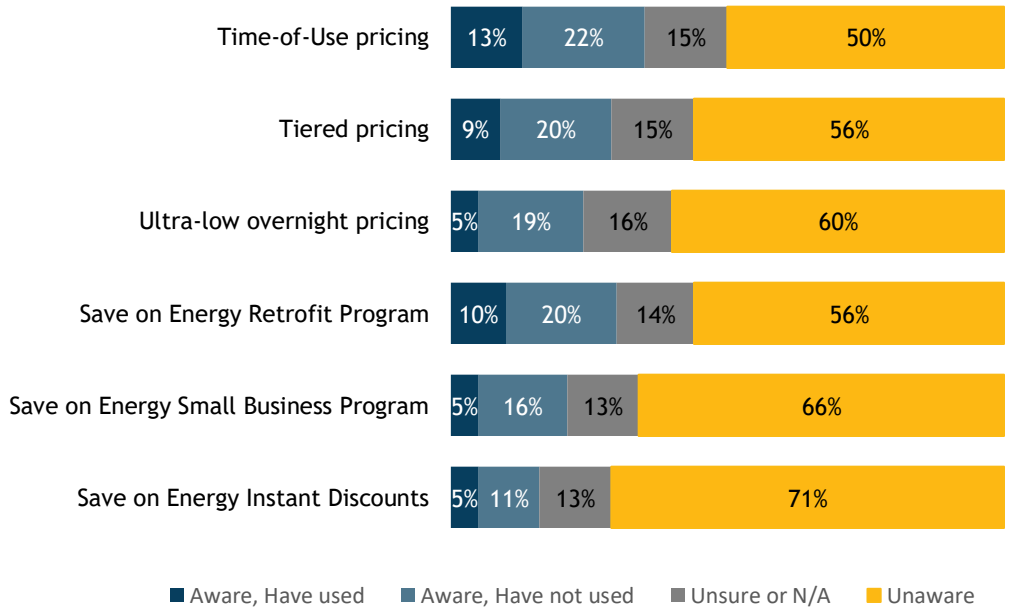
"There is a lack of communication between the government and small businesses. The government initiates all these programs, but what good are they if small businesses aren't informed about their existence? A clearer method of communication must be established, providing detailed information on each program, including potential benefits for businesses."

—Wholesale business owner, Ontario

The survey's awareness figures confirm what this business owner described. Between half and nearly three quarters of small businesses had never heard of each pricing option (TOU, Tiered, Ultra-Low Overnight) or energy program, and no program had been used by more than one in ten respondents (see Figure 5). Awareness of the pricing options is just as low: 50% of businesses were unaware of time-of-use pricing and 56% were unaware of Tiered pricing, and only 13% and 9% respectively found these two options helpful. Save on Energy's Retrofit Program drew the most positive feedback, but even there, 56% of businesses were unaware of it. Business owners cannot choose the pricing plan or program that suits them if they do not know what options exist, which is why threshold reform and better awareness of the programs and pricing options is needed.

Figure 5

Awareness and use of Ontario pricing options and energy programs among small businesses, 2024 (% of responses)



Source: CFIB, Ontario Small Business-Related Programs Survey, June to July 2024, n=976 to 992 depending on the program. "Have used" combines respondents who found the program helpful and not helpful. Numbers may not add to 100 due to rounding.

For many business owners, the burden of finding these programs falls entirely on them, and some only learn of a program by chance. As one retail business owner explained:

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"I don't have the time to search websites to see if a program exists. A more proactive approach to informing businesses of these programs would be helpful. We had a local business in our area approach all the other businesses in the area to inform us of the Save on Energy retrofit program."

—Retail business owner, Ontario

Program details are already published on Save on Energy, the energy-efficiency website of the Independent Electricity System Operator (IESO), but few business owners know to look there.

Electricity pricing plan options

Regulated Price Plan options: Beyond these programs, the choice of pricing plan is itself a tool for managing costs. Eligible customers can choose Time-of-use, Tiered, or Ultra-Low Overnight pricing by submitting an election form to their utility. Time-of-use rewards businesses that can shift their energy use to off-peak periods; Tiered pricing offers scheduling flexibility but applies the higher rate above 750 kWh; and Ultra-Low Overnight offers its lowest price from 11 p.m. to 7 a.m. with a higher on-peak rate from 4 p.m. to 9 p.m. on weekdays. Customers on retailer contracts must address their contract before moving to a Regulated Price Plan option. The right choice depends on a business's energy use pattern, and few businesses have the information to make it.[7]

The final two options are designed for larger businesses. They are included because CFIB members asked Ministry of Energy and Mines staff about them during CFIB's October 2026 member webinar: Ontario Electricity Costs 101: Understanding Your Bill, Rate Options, and Conservation Programs, and because some growing businesses, such as smaller manufacturers, may qualify for them.

Industrial Conservation Initiative: Larger businesses can lower their costs through the Industrial Conservation Initiative (ICI). Instead of paying the Global Adjustment, the part of the bill that covers the cost of the province's contracted and regulated electricity supply, based on their total consumption, participants pay a share based on how much electricity they use during the five hours of highest province-wide demand each year. Businesses that reduce their use during those peak hours can significantly lower their bills. The ICI is open to businesses with an average monthly peak demand above 1 MW, and to manufacturers and greenhouses above 500 kW, a lower threshold that CFIB advocated for and that has allowed some smaller manufacturers to participate. Businesses between 500 kW and 5 MW must opt in through their local distribution company. Even at 500 kW, however, the threshold remains far above what most small businesses use.[8]

Newly Proposed Time-of-Use option for larger businesses: The province is also developing a new pricing option for businesses that are not eligible for the Regulated Price Plan because they use 250,000 kWh or more a year. Under a Ministry of Energy and Mines proposal, these customers, typically medium-sized commercial businesses and small industrial operations, could opt in to Time-of-use pricing for the first time. The plan would combine the commodity portions of the bill into a single price, use three time periods (off-peak, mid-peak, and peak), and set prices 12 months in advance for predictability. If approved, it would take effect no earlier than November 2027. In its January 2026 submission on the proposal, CFIB supported keeping the plan optional, so that businesses can choose

[7] Ontario Energy Board (2026), Choosing your electricity price plan, https://www.oeb.ca/consumer-information-and-protection/electricity-rates/choosing-your-electricity-price-plan (accessed 2026-09-18).
[8] Government of Ontario (2026), Manage energy costs for your business, https://www.ontario.ca/page/manage-energy-costs-your-business (accessed 2026-11-18).

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between a steady price and Time-of-use pricing, and urged the government to keep it opt-in rather than making it the default. CFIB also cautioned that shifting usage to off-peak hours may not be achievable for many small businesses, the same constraint that limits the value of Time-of-use pricing for smaller firms, and recommended that the government hold educational sessions and partner with CFIB to help business owners understand how the changes could affect them.9

Taken together, the evidence describes business owners caught on three sides: a cost they cannot avoid, a pricing structure that does not fit them, and supports they cannot find.

The programs on offer

The gap in awareness is all the more striking given what the programs offer. Each of the programs below could help business owners lower the costs described earlier in this report, and each faces the same barrier: business owners do not know about it or find it too difficult to use.

Save on Energy Retrofit Program: For businesses that own their premises or have their landlord's support, the Retrofit Program supports equipment upgrades through prescriptive incentives for standard measures and custom incentives for site-specific projects, covering up to 50% of eligible costs. Applicants must register in the Retrofit portal, submit a pre-project application, and receive approval before installing. Owners and authorized lessees of commercial, industrial, institutional, agricultural and multi-residential facilities are eligible.[10]

Experiences with the Retrofit Program show both its potential and its limits. It drew the most positive feedback of any program in the survey, and business owners who have used it describe lasting savings, as one manufacturer explained. Others, like a construction firm's project coordinator, describe an application process that outweighed the benefit.

"We did a retrofit of our plant's lighting about five years ago with help from this program. It did save us money and still does today."

—Manufacturing business owner, Ontario

"The energy rebate programs are ineffective. They require too much admin and are way too complex. And I'm a project coordinator for a construction firm. The red tape and approval process is overburdening."

—Construction business owner, Ontario

These examples show that the same program can succeed or fail depending on how much administrative effort it demands of a small business.

Save on Energy Small Business Program: The program most directly aimed at small businesses lets those with 50 or fewer employees receive direct installation of lighting, refrigeration and smart thermostat upgrades, with standard allowances of up to $3,000 for lighting and $2,500 for non-lighting measures. The process begins with a free on-site assessment, and delivery partners manage the

[9] Ontario Ministry of Energy and Mines (2026), Electricity Pricing, Conservation and Demand Management in Ontario, presentation to the CFIB member webinar Ontario Electricity Costs 101, October 7, 2026.

[10] Save on Energy (2026), Retrofit Program, https://saveonenergy.ca/For-Business-and-Industry/Programs-and-incentives/Retrofit-Program (accessed 2026-09-18).

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installation. Tenants need landlord consent. The direct-install model removes much of the burden of finding equipment and contractors, yet 66% of businesses were unaware of it.[11]

The consent requirement is a particular barrier for tenants, who make up a large share of small businesses. In the 2026 survey, 41% of Ontario respondents rented premises with energy excluded from their rent, meaning their access to efficiency upgrades depends on their landlord. One retail business owner put it simply:

"Many retrofit programs are not suited to those who rent facilities."

—Retail business owner, Ontario

Save on Energy Instant Discounts Program: By contrast, the Instant Discounts Program asks almost nothing of business owners. Participating distributors apply discounts at the point of sale for eligible energy-efficient lighting in existing facilities, with no separate application and no wait for reimbursement. Equipment must be installed within 90 days of purchase. Its simple design deserves stronger promotion and should inform the design of other supports. It was nonetheless the least known program, with 71% of businesses unaware of it. Business owners who have used it see the value:[12]

"Save On Energy Instant Discounts is a very effective program for SME businesses."

—Wholesale business owner, Ontario

New Save on Energy Small Business Peak Perks (2025): Small businesses that already have a smart thermostat, which can be installed through the Small Business Program, can enrol in Small Business Peak Perks. In exchange for allowing up to 10 brief, time-limited thermostat adjustments on summer weekdays when demand on the grid is highest, participants receive a $75 virtual prepaid Mastercard when they enrol and $20 for each later year they remain enrolled. Like the Instant Discounts Program, it asks little of business owners. However, only those with a compatible thermostat can take part, and the 10 thermostat adjustments could be a challenge for many small businesses.[13]

Taken together, four of the nine Save on Energy business programs are designed for large facilities and are out of reach for most small businesses. Save on Energy's training and support offerings, which provide courses and course incentives, are aimed mainly at energy managers, a role few small businesses have. That leaves small businesses with a narrow set of options, which they must first discover on their own.

What small businesses want from government

When asked what would help, small businesses are clear. Their priority is lower rates. Nearly three quarters (73%) of Ontario small business owners want government to reduce electricity rates for small businesses, well ahead of any other option. Business owners also want government to reduce regulatory

[11] Save on Energy (2026), Small Business Program, https://saveonenergy.ca/For-Your-Small-Business/Programs-and-Incentives/Small-Business-Program (accessed 2026-09-18).

[12] Save on Energy (2026), Instant Discounts Program, https://saveonenergy.ca/For-Business-and-Industry/Programs-and-incentives/Instant-Discounts-Program (accessed 2026-09-18).

[13] IESO (2026), Energy Efficiency for Business, https://www.ieso.ca/get-involved/for-business/for-business (accessed 2026-10-21).

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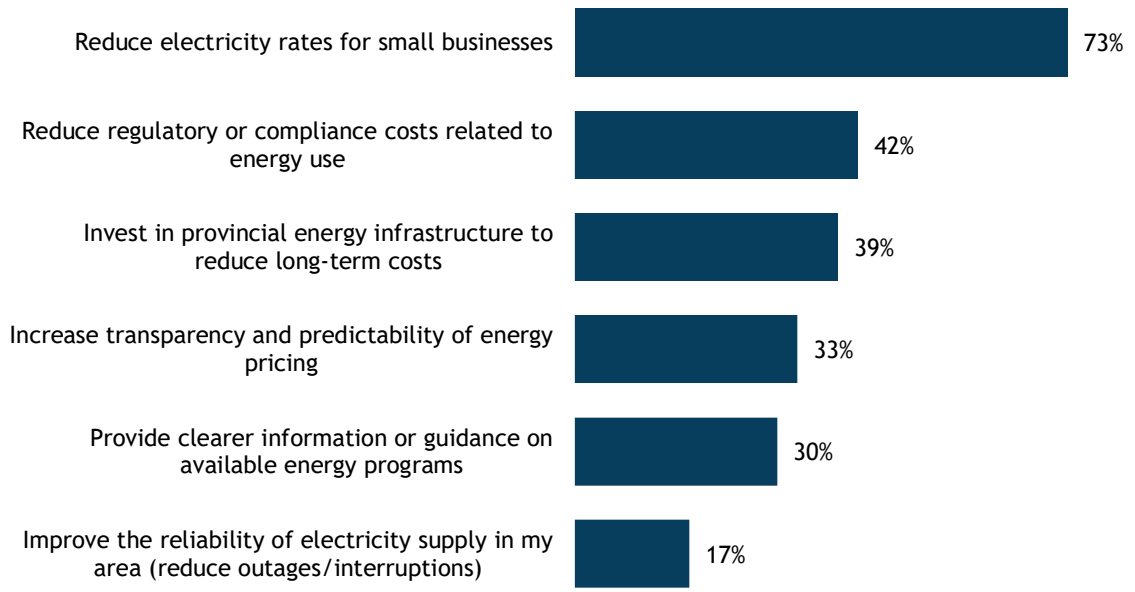
and compliance costs related to energy use (42%), improve the transparency and predictability of pricing (33%), and provide clearer information on available programs (30%) (see Figure 6).

Figure 6

Preferred government actions on energy costs, Ontario (% of responses)



Source: CFIB, Energy Survey, March to May 2026, n=771. Multiple responses allowed.

Each of these priorities follows from the evidence in this report. The call for lower rates reflects bills that are rising because of rate increases rather than higher use. The call for transparency reflects bills that are difficult to interpret. The call for clearer program information reflects the low awareness documented earlier.

Recommendations

The recommendations below are drawn from the analysis throughout this report and are consolidated under two themes. They start from a practical reality: small businesses cannot control energy rates, and most cannot materially change when or how much energy they use. What the government can do is ensure that the pricing structure reflects the operational reality of small businesses and that the supports it already funds reach the targeted businesses. CFIB recommends that the Government of Ontario, the Ontario Energy Board, and the IESO adopt the following recommendations:

Raise and Regularly Review the Small Business Tier Threshold

1. **Increase the Tiered pricing plan threshold for small business electricity customers from 750 kWh/month to 3,000 kWh/month.**

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2. **Establish a regular review cycle for the threshold** so it is reviewed and adjusted to keep pace with commercial operating requirements.

Improve Program Awareness, Communication and Delivery, and Track Performance

3. **Help small businesses pick the right pricing plan using plain language.**

    - Use clear and concise messaging to explain the impacts of choosing Time-of-use, Tiered, and Ultra-Low Overnight pricing based on actual load patterns.
    - Clearly explain the difference between peak demand and monthly consumption on bills.

4. **Make program applications easy and red tape-free, and back them with a government service standard.**

    - Create a single navigation point for all relevant programs.
    - Provide clear up-front lists of required documents and deadlines.
    - Use plain-language forms and ask for necessary information only.
    - Commit to responding within a set timeframe (e.g., 10 business days).
    - Give applicants a way to check the status of their application.
    - Invite feedback immediately after each application.

5. **Partner with CFIB and other business organizations to help educate small businesses about all energy programs and pricing plan options available to them.**

    - Hold regular online and in-person educational sessions, with time for questions.
    - Use these sessions to update business owners on planned energy projects so they can understand and anticipate future costs.
    - Coordinate early with business organizations about program announcements to enable them to inform their members through internal channels. For example, CFIB sends monthly emails to all members, but space and flexibility on the release dates are limited.

CFIB's October 7, 2026 member webinar with the Ministry of Energy and Mines walked small business owners through their bills, pricing plan options, and Save on Energy programs, providing a convenient educational forum.

6. **Create an opt-in email channel through the Ontario Business Registry.**

    - Use it to notify businesses of relevant energy programs, eligibility rules, deadlines, and changes.
    - Feature program information prominently on ontario.ca.

7. **Train ServiceOntario staff to answer small business energy program questions with consistent accuracy.**

    - Provide staff with access to an energy specialist for complex cases.

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8. **Create business programs with tenants top of mind and provide clear guidance for tenant applicants.**

    - Design programs so that the roughly 40% of small businesses that rent premises are not excluded from applying.
    - Clearly explain eligibility and landlord consent.

9. **Improve program transparency and accountability.**

    - Determine metrics and report on them annually (e.g., progress in meeting a government service standard for approving applications, uptake among business tenants, verified electricity savings, and cost to participants).
    - Use the data to decide whether each program should continue, be redesigned, or end.

Conclusion

Energy is one of the few costs no small business can avoid, and it is costing Ontario small businesses more every year. Their bills are rising because of higher rates, not higher usage. Most have no way to cut or shift the amount of energy they use, so the higher costs become lower profits, increased prices for their customers, delayed investments, and/or fewer hours for employees.

Tiered pricing should be one of the most direct tools the province has to help them. It is built around a 750 kWh allowance that was judged too low for even a household in winter 20 years ago. As noted earlier in this report, the businesses whose bills CFIB reviewed use far more. Meanwhile, the programs that could help ease the pressure remain unknown to most business owners.

By raising the tier threshold to 3,000 kWh, and by making its energy programs easier to find, understand, and use, the Government of Ontario can give small businesses a real pricing plan choice and options to manage their costs.

CFIB urges the Government of Ontario and the Ontario Energy Board to act on this report's recommendations, especially the recommendation to raise the Tiered pricing plan threshold. Increasing this threshold is one of our Ontario members' top legislative priorities for the fall and 2027.

Methodology

The evidence behind this report comes from four sources, each described below with its limitations.

CFIB 2024 Ontario Small Business-Related Programs Survey. The survey was conducted online from June 20 to July 8, 2024, and received 1,125 responses. For comparison purposes, a probability sample of the same size would carry a margin of error of ±2.92%, 19 times out of 20. Program awareness and use figures, question bases and comments from business owners are carried forward from CFIB's earlier Ontario energy research by former CFIB intern Ben Rother and remain dated 2024; they are presented as a baseline rather than as a current measure of program performance. Historical application

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deadlines and payment timelines described in that research are not repeated here, and businesses should consult current program requirements.

CFIB 2026 Energy Survey. This report presents Ontario findings from CFIB's 2026 Energy Survey, an online survey of CFIB members conducted between March 5 and May 4, 2026. Ontario response bases vary by question and are reported with each figure.

2026 CFIB Member Energy Bill Analysis. Seven Ontario CFIB members in the hospitality, retail and personal services sectors supplied electricity bills covering nine accounts, of which seven were commercially classified and two residentially classified. In total, 101 bill records were reviewed after excluding one duplicate invoice. The review covers bills issued up to June 2026; bills issued after that date were not included. Business names are withheld in this report.

Ontario Ministry of Energy and Mines. Information on electricity pricing, Save on Energy programs, the proposed Time-of-use option for larger businesses and how the tier threshold applies to businesses with more than one account was gathered in three ways: conversations between CFIB and staff at the Ministry of Energy and Mines; the Ministry's presentation to CFIB's member webinar, *Ontario Electricity Costs 101: Understanding Your Bill, Rate Options, and Conservation Programs*, on October 7, 2026; and follow-up correspondence with Ministry staff to clarify specific points. The restaurant and grocery store's local distribution company also confirmed how the threshold applies to its accounts. This information reflects Ministry guidance as of October 2026 and may change as policies are updated.

The threshold comparison uses the 66 bills for the seven commercial accounts. Consumption was standardized by dividing metered kWh by billed days and multiplying by 30; this is a comparison method, not a statutory proration. The average and median exclude the lowest-consuming account (165 kWh), which would otherwise skew the results, and give each of the remaining six accounts equal weight. The restaurant and grocery store's three meters are treated as separate accounts because each has its own account number; CFIB confirmed with the Ministry of Energy and Mines and the business's local distribution company that the tier threshold applies to each account separately. Residential accounts are excluded. The commercial accounts are billed on Time-of-use or retailer contracts and are presented as evidence of commercial consumption needs, not of Tier 2 charges actually paid. Consumption ranged from approximately 165 to 13,553 kWh per standardized 30 days, seasonal coverage is uneven across accounts, and the results should be read as case studies rather than estimates for all Ontario small businesses.

Net electricity costs include electricity-related HST and the Ontario Electricity Rebate and exclude arrears, deposits, setup charges, and late fees. Prior-year comparisons match the same account and service-end month in consecutive years, allowing for differences in billed days; they cover partial-year windows and are not annual totals. For the used-car dealership comparison, rate, volume and timing effects allocate interaction terms equally across all six orderings of the three changes. Delivery and regulatory amounts are line-item changes rather than isolated rate effects where fixed and variable components could not be separated. The Global Adjustment is included in cost reconciliation but is outside the scope of this report's recommendations. Tier threshold savings scenarios hold the November 1, 2026 Tiered prices of 11.2 and 13.2 cents per kWh fixed and compare one tier threshold with another; they do not estimate savings relative to Time-of-use or retailer plans.

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About the author



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About CFIB

CFIB is a non-partisan organization exclusively representing the interests of 103,000 small- and medium-sized businesses in Canada, including 40,000 in Ontario. CFIB's research capacity is second-to-none because it can gather timely and relevant information from members about business issues that affect their day-to-day operation and bottom line. CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.

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