

ONTARIO ENERGY ASSOCIATION

# **EXPANSION OF THE INDUSTRIAL CONSERVATION INITIATIVE PROPOSAL**

**17-ENE002 Submission**

APRIL 7, 2017

To shape our energy future for a stronger Ontario.



Ontario Energy Association

# ABOUT

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

Together, we are working to build a stronger energy future for Ontario.

The Ontario Energy Association is pleased to provide this response to the Ministry of Energy's proposed regulatory amendments to O. Reg. 429/104 to expand the Industrial Conservation Initiative (ICI) (Proposal Number: 17-ENE002).

## COMMENTS AND KEY RECOMMENDATIONS

The OEA has reviewed the proposal which, effective July 1, 2017, would allow eligible electricity consumers/market participants in the manufacturing sector (i.e., with NAICS codes commencing with the digits "31", "32", "33") in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt-in to ICI as Class A consumers.

The OEA does not have significant concerns with the proposals.

However, the OEA does have recommendations regarding the implementation of these proposals. The OEA is making the following key recommendations:

### Recommendation 1: Establishment of Base Period

The OEA notes that Class A consumers pay global adjustment (GA) based on their percentage contribution to the top five peak Ontario demand hours (i.e. peak demand factor) over a 12-month base period.

Many customers that would be eligible under the Ministry's proposal are equipped with demand meters that do not record hourly demand values. Interval meters are required to record hourly demand. As a result, electricity distributors will not have the data necessary for establishing a baseline year for participation in the ICI effective July 1, 2017 year for many eligible customers should those customer seek to opt-in to the ICI.

The OEA recommends that the Ministry articulate a clear protocol for establishing the base period for these customers.

### Recommendation 2: Dispute Resolution

The lowering of the ICI threshold to 500 kW will result in a significant expansion in the number of potentially eligible customers. Previously, the small number of customers eligible to the ICI program meant that any potential disputes concerning eligibility (e.g. a customer seeking to aggregate data from separate load facilities to qualify as Class A) could be handled relatively expeditiously. However, for some utilities, the number of customers eligible for the ICI will expand by a factor of ten under the proposed threshold.

The OEA recommends that the Ministry work with LDCs to establish a clear protocol for resolving disputes regarding ICI eligibility, so that disputes can be settled quickly and cost-effectively.

### Recommendation 3: Opportunity to Comment on Draft Regulatory Language

As stated above, the OEA does not have significant concerns with the proposals described in the Ministry of Energy's posting on the Regulatory Registry; however, the posting does not include any draft language for the amendments to be made to O. Reg. 429/04. The opportunity to comment on draft regulatory language is common to most regulation amendments.

For any future proposed regulatory changes to the ICI program, the OEA believes that it is in the interests of all participants that the Ministry of Energy allow stakeholders an opportunity to comment on the draft regulatory language regarding the ICI before the Ministry incorporates them as final regulations. This would allow participants to assess the proposed changes in detail and ensure important issues are not overlooked and misinterpreted, such as the data necessary to establish the base period.

### Conclusion

The OEA recognizes the importance of enhancing the ICI to the Ministry. The above recommendations reflect that it is essential that these and any future enhancements are designed so that changes can be implemented in a timely and cost-effective manner.

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Ontario Energy Association

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