LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #s: REG-11364
EVista Tracking #s: SUB-REG-2017-00468

Ministry of Energy

Expanding the Industrial Conservation Initiative (ICI)

Regulations

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Medium
Key Stakeholder Interest: Moderate/High
New Costs/Burdens: No for Stakeholders; No for Government; Yes for electricity ratepayers
New Savings/Opportunities: Yes for Stakeholders; No for Government; Yes for electricity ratepayers

Proposed Items for Review

1. Amending O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998*

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	LRC April 10, 2017	
TB/MBC	No approvals needed	

Original signed by — April 5, 2017
Deputy Minister — Date

Original signed by — April 5, 2017
Minister — Date

s. 1 Proposal and Context

- The Ministry of Energy is proposing to amend Ontario Regulation 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998* (O. Reg. 429/04) in order to expand eligibility under the Industrial Conservation Initiative (ICI) to include all electricity consumers and market participants with an average monthly peak demand greater than 500 kilowatts (kW) and less than or equal to 1 megawatt (MW) where certain criteria are satisfied.
- Currently, ICI is available only to electricity consumers and market participants with an average monthly peak demand of greater than 1 MW.
- The new proposed amendments would allow eligible electricity consumers/market participants in the manufacturing and greenhouse sectors (i.e., with North American Industry Classification System (NAICS) codes commencing with the digits "31", "32", "33", “1114”) in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt-in to ICI.
- In addition, the government intends to amend O. Reg. 429/04 such that electricity consumers may continue to participate in ICI if their demand falls below the monthly peak demand threshold due to participation in certain prescribed conservation and demand management (CDM) programs or certain programs and initiatives associated with the Ontario Climate Change Solutions Deployment Corporations (OCCSDC) Programs and Pilots.

s. 2 Approach and Intended Outcomes

- Under ICI, large electricity consumers (known as Class A consumers) who can meet a specific average monthly peak demand threshold of 1 MW are charged a Global Adjustment (GA) rate proportional to their share of total provincial peak electricity demand measured during the five highest-peak hours in the year.
- This method provides an incentive to large consumers to moderate their consumption during peak demand periods. Smaller electricity consumers (known as Class B consumers) are, by contrast, billed for GA based only on the volume of electricity consumed no matter when it is consumed. For most large consumers, being billed on a Class A basis is much more cost-effective than being billed on a Class B basis.
- ICI is intended to enable Ontario businesses to lower their electricity costs by shifting energy demand away from peak demand periods. Reducing peak

demand increases the reliability of the electricity system, reduces greenhouse gas emissions (GHG) and helps defer the need to procure new resources.

- The proposed amendment would expand ICI to include newly eligible electricity consumers in the manufacturing and greenhouse sectors in Ontario with average monthly peak demand greater than 500 kW and less than or equal to 1 MW. Electricity consumers with average monthly peak demand of greater than 1 MW remain eligible to participate in ICI.
- The proposed amendments also provide for ICI participants to retain their Class A status after having experienced a reduction in demand, so long as they participate in certain prescribed CDM programs or certain programs and initiatives associated with the OCCSDC Programs and Pilots. The proposed amendments would permit a Class A consumer or market participant that participates in such programs or initiatives to retain its Class A status even if its average monthly peak demand falls below the 500 kW threshold for manufacturers or greenhouses or the 1 MW threshold applicable to all other consumers and market participants.

s. 3 **Direction and Urgency**

- As announced as part of Ontario's Fair Hydro Plan, on March 9, 2017, the government set out the commitment to expand ICI to enable greater participation from the manufacturing and greenhouse sectors in Ontario.
- It is important that proposed amendments to expand the program are in effect as soon as possible to allow consumers time to opt in to the program ahead of the next ICI billing period (i.e., July 1, 2017).
- Under the current ICI framework as set out in Ontario Regulation 429/04, eligible electricity consumers must opt-in to the program on or before June 15 of each calendar each year.
- Participants in ICI that participate in prescribed CDM and OCCSDC programs would also benefit from having those proposed amendments in effect as far in advance of the next ICI adjustment period as possible, in order to provide more certainty in regards to their forecasted electricity costs.

s. 4 **Impact Assessment and Costs**

- Currently, electricity consumers with an average monthly peak demand of over 5 MW and consumers with an average monthly peak demand of between 3-5 MW in certain energy intensive sectors participate in ICI (i.e., approximately 300 Class A consumers). Following amendments, effective January 1, 2017, ICI is now available to all electricity consumers over 1 MW.

- Expanding ICI further to consumers in the manufacturing and greenhouse sector between 500 kW and 1 MW would help to:
    - Reduce electricity peak demand and electricity system costs by incenting more consumers to lower their electricity demand during peak periods;
    - Reduce electricity bills for new ICI participants who are able to reduce their electricity demand during peak demand periods; and
    - Increase electricity bills for non-ICI participants to ensure full cost recovery in the electricity system. **Note:** the extent of the impact on other non-ICI participants would depend on the uptake in the newly expanded ICI, but is expected to be modest.
    - Restricting eligibility to the manufacturing and greenhouse sector helps to ensure that the expanded ICI is focused on those consumers which are most impacted by GA costs and associated economic competitiveness pressures from neighbouring jurisdictions.
- Currently, ICI participants who see their average monthly peak demand fall below the ICI average monthly peak demand thresholds while participating in a provincial Conservation and Demand Management (CDM) program would lose their Class A status.
- Taking steps to ensure that reduced electricity consumption while participating in a CDM and OCCSDC programs does not result in exclusion from ICI would mean that companies across Ontario are able to better engage in coordinated conservation efforts.
- The proposed programs and initiatives are to be included in these amendments are:
    1. Conservation and CDM Programs and Pilots delivered under the 2015 to 2020 Conservation First Framework, administered by IESO
    2. CDM Programs and Pilots under the 2015 to 2020 Industrial Accelerator Program, administered by IESO
    3. IESO Conservation Fund Projects
    4. IESO Demand Response Auction
    5. IESO Demand Response Pilots
    6. Ontario Climate Change Solutions Deployment Corporation Programs and Pilots

s. 5 Implementation

- IESO, LDCs and electricity consumers would be primarily responsible for implementing and adhering to the proposed amended regulation in relation to the expanded ICI program.

s. 6 Delivery and Results Tracking

- Regarding the proposed amendments to expand ICI, the Ministry of Energy regularly monitors electricity prices and electricity demand for all classes of consumers and would be able to assess the potential impacts of the proposed regulatory amendments, if approved, starting in July 2017.

s.7 Stakeholder Consultations

Regulatory Registry:

- On March 9, 2017, the Ministry of Energy posted a proposal for comment on the Regulatory Registry to provide stakeholders with the opportunity to comment on the proposed expansion of ICI.

- The posting closed on April 8, 2017. To date, the Ministry has received 1 comment through the regulatory posting.

Working Group:

- The Ministry hosted an LDC Working Group session on March 16, 2017. Nearly 30 LDCs representatives attended in person or by phone and were briefed on the implementation of Ontario's Fair Hydro Plan, including the ICI expansion.

s.8 Other Jurisdictions and Harmonization

- There would be no harmonization with other jurisdictions as an effect of this proposal, as ICI is unique to Ontario and the proposed expansion would have no material impact on other jurisdictions.

s. 9 Communications

See Appendix D, Communications Snapshot

- There would be a need to clearly communicate the benefits that the proposed expansion to ICI could provide to eligible electricity consumers.

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Tim Christie	416-325-6708
Ministry Legal	James Rehob	416-325-6676
Assistant or Deputy Minister's Office		
Cabinet Office Policy		

Appendices

Appendix A: Regulation Comparison Chart
Appendix B: Proposed Regulations
Appendix C: Communications Snapshot

Amendments to "O. Reg. 429/04", "Adjustments Under Section 25.33 of the Act" under the "Electricity Act, 1998"

Current Regulation	Proposed Amendment	Rationale for Change
Optional Class A consumer – calculation required for separate load facilities **6.1.1** (1) A consumer in Ontario that does not satisfy the condition set out in clause 6.1 (2) (a) in respect of a load facility for an adjustment period that begins in 2015 or 2016 (the "applicable adjustment period") is a Class A consumer for that load facility and adjustment period if the following conditions are satisfied: 1. The consumer elects, under subsection (3), to be a Class A consumer for the load facility for the applicable adjustment period, or has made such an election for a prior adjustment period and the election has not been revoked. 2. Throughout the applicable base period, the load facility is identified by NAICS code 493120 or a NAICS code commencing with the digits "21", "31", "32", "33", "518" or "1114". 3. The conditions set out in paragraphs 1, 2 and 4 of subsection 6 (1) are satisfied for the load facility for the applicable adjustment period.	**1. (1) Section 6.1.1 of Ontario Regulation 429/04 is amended by adding the following subsection:** (1.2) A consumer in Ontario that does not satisfy the condition set out in clause 6.1 (2) (a) in respect of a load facility for an adjustment period that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A consumer for that load facility and adjustment period, if the following conditions are satisfied: 1. The consumer elects, under subsection (3), to be a Class A consumer for the load facility for the applicable adjustment period, or has made such an election for a prior adjustment period and the election has not been revoked. 2. Throughout the applicable base period, the load facility is identified by a NAICS code commencing with the digits "31", "32", "33" or "1114". 3. The conditions set out in paragraphs 1, 2 and 4 of subsection 6 (1) are satisfied for the load facility for the applicable adjustment period.	• The Ministry of Energy is proposing to amend Ontario Regulation 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998* ("O. Reg. 429/04") in order to expand eligibility under the Industrial Conservation Initiative (ICI) to include electricity consumers and market participants in the manufacturing and greenhouse sectors with an average monthly peak demand greater than 500 kilowatts (kW) and less than or equal to 1 megawatt (MW). • Currently, ICI is available only to electricity consumers and market participants with an average monthly peak demand of greater than 1 MW. • The new proposed amendments would allow eligible electricity consumers/market participants in the manufacturing and greenhouse sectors (i.e., with North American Industry Classification System Classification ("NAICS") codes commencing with the digits "31", "32", "33" and "1114") in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt-in

4. The consumer's maximum hourly demand for electricity for the load facility in a month from the licensed distributor exceeds an average of 3 megawatts but is less than or equal to an average of 5 megawatts for the applicable base period. Note: On July 1, 2017, subsection 6.1.1 (1) of the Regulation is revoked. (See: O. Reg. 366/16, s. 2 (2)) (1.1) A consumer in Ontario that does not satisfy the condition set out in clause 6.1 (2) (a) in respect of a load facility for an adjustment period that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A consumer for that load facility and adjustment period if the following conditions are satisfied: 1. The consumer elects, under subsection (3), to be a Class A consumer for the load facility for the applicable adjustment period, or has made such an election for a prior adjustment period and the election has not been revoked. 2. The conditions set out in paragraphs 1, 2 and 4 of subsection 6 (1) are satisfied for the load facility for the applicable adjustment period.	4. The consumer's maximum hourly demand for electricity for the load facility in a month from the licensed distributor exceeds an average of 500 kilowatts but is less than or equal to an average of 1 megawatt for the applicable base period. **(2) Subsection 6.1.1 (4) of the Regulation is amended by adding the following paragraph:** 4. For a consumer to whom subsection (1.2) applies, during the applicable base period for the applicable adjustment period, the load facility ceases to be identified by a NAICS code described in paragraph 2 of that subsection.	to ICI.

3. The consumer’s maximum hourly demand for electricity for the load facility in a month from the licensed distributor exceeds an average of 1 megawatt but is less than or equal to an average of 5 megawatts for the applicable base period. (2) Subsections 6.1 (3) and (5) apply, with necessary modifications, with respect to the consumer and the load facility. (3) A consumer may elect to be a Class A consumer in respect of a load facility for an adjustment period, by giving written notice of the election to its licensed distributor no later than June 15 of the calendar year in which the adjustment period begins. (4) An election in respect of a load facility is revoked for an adjustment period (the “applicable adjustment period”), and the election has no further effect with respect to any subsequent adjustment period, if any of the following circumstances exist: 1. The consumer has elected under section 19 to be a Class B consumer for the applicable adjustment period. 2. During the applicable base period for the applicable adjustment period, the load facility ceases to be identified by a		

NAICS code described in paragraph 2 of subsection (1). Note: On July 1, 2017, paragraph 2 of subsection 6.1.1 (4) of the Regulation is revoked. (See: O. Reg. 366/16, s. 2 (5)) 3. The consumer's maximum hourly demand for electricity for the load facility in a month from the licensed distributor for the applicable base period does not meet the requirements of this section (5) A licensed distributor shall rely on the information provided by the consumer under subsection (3).		

N/A	**2. The Regulation is amended by adding the following sections:** **Former Class A consumers, continued status** **6.2** (1) A consumer in Ontario that does not satisfy the condition set out in paragraph 3 of subsection 6 (1) for an adjustment period under this Part that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A consumer for that adjustment period if the following conditions are satisfied: 1. The conditions set out in paragraphs 1, 2 and 4 of subsection 6 (1) are satisfied for the applicable adjustment period. 2. The consumer was a Class A consumer for a previous adjustment period that began on or after July 1, 2016. 3. During the base period for any adjustment period that began on or after July 1, 2016 in which the consumer was a Class A consumer, i. the consumer entered into a contract with the IESO, with a licensed distributor, or with the Ontario Climate Change Solutions Deployment Corporation, to participate in an	• The Ministry of Energy is proposing to amend O. Reg. 429/04 to enable ICI participants to retain their Class A status after having experienced a reduction in demand, so long as they participate in certain prescribed CDM or OCCSDC programs or initiatives. • The proposed amendments would permit a Class A consumer or market participant that participates in such programs or initiatives to retain its Class A status even if its average monthly peak demand falls below the 500 kW threshold for manufacturers and greenhouses, or the 1 MW threshold applicable to all other consumers and market participants.

	eligible program, pilot or project listed in subsection (3) offered by the IESO, the licensed distributor or the Ontario Climate Change Solutions Deployment Corporation, or any combination of them, and ii. the consumer has received, or is entitled to receive, funding or another incentive under the program, pilot or project. 4. The consumer gives its licensed distributor the information requested by the licensed distributor to establish that the consumer satisfies the conditions described in paragraph 3 on or before June 15 of the calendar year in which the adjustment period begins. (2) Subsections 6 (2) and (3) apply, with necessary modifications, with respect to the consumer. (3) The eligible programs, pilots and projects for the purposes of paragraph 3 of subsection (1) are the following: 1. Conservation and Demand Management (CDM) Programs and Pilots delivered under the 2015 to 2020 Conservation First Framework, administered by the IESO, established or included under a direction of the Minister, dated March 31,	

	2014, entitled "2015-2020 Conservation First Framework" and other programs and pilots under initiatives of the IESO established or included under that direction. 2. CDM Programs and Pilots under the 2015 to 2020 Industrial Accelerator Program, administered by the IESO, established under a direction of the Minister dated July 25, 2014 entitled "Industrial Accelerator Program". 3. IESO Demand Response Auctions and Pilots, established under the market rules. 4. Ontario Climate Change Solutions Deployment Corporation programs and initiatives established by the Corporation, where the program or initiative includes an electricity conservation, efficiency, load-management or demand-management component. (4) A licensed distributor shall rely on the information provided by the consumer under this section. **Former Class A consumer, continued status — calculation for separate load facilities**	

	6.3 (1) For the purpose of subsection 6.2 (1), a consumer in Ontario that does not satisfy the condition set out in clause 6.1 (2) (a) in respect of a load facility for an adjustment period under this Part that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A consumer for that load facility and adjustment period if the following conditions are satisfied: 1. The consumer was a Class A consumer in respect of the load facility for a previous adjustment period that began on or after July 1, 2016. 2. During the base period for any adjustment period that began on or after July 1, 2016 in which the consumer was a Class A consumer in respect of the load facility, i. the consumer entered into a contract with the IESO, with a licensed distributor, or with the Ontario Climate Change Solutions Deployment Corporation, to participate in an eligible program, pilot or project listed in subsection 6.2 (3) offered by the IESO, the licensed distributor or the Ontario Climate Change Solutions Deployment Corporation, or any	

	combination of them, and ii. the consumer received, or is entitled to receive, funding or another incentive under the program, pilot or project in respect of the load facility. 3. The consumer gives its licensed distributor the information requested by the licensed distributor to establish that the consumer satisfies the conditions described in paragraph 2 on or before June 15 of the calendar year in which the adjustment period begins. (2) If the conditions set out in subsection (1) are not satisfied in respect of a load facility for the applicable adjustment period, the consumer is a Class B consumer in respect of the load facility for that adjustment period. (3) Subsections 6.1 (3), (4) and (5) apply, with necessary modifications, with respect to the consumer and the load facility. (4) A licensed distributor shall rely on the information provided by the consumer under this section.	

"NAICS" means the North American Industry Classification System maintained for Canada by Statistics Canada, as amended or revised from time to time; **Note: On July 1, 2017, the definition of "NAICS" in subsection 5 (1) of the Regulation is revoked. (See: O. Reg. 366/16, s. 1)**	**Section 1 of Ontario Regulation 366/16, which would revoke the definition of "NAICS" in subsection 5 (1) of the Regulation, is revoked.**	• NAICS code definition is required to categorize electricity consumers as manufacturers in the proposed expanded ICI program.
Optional Class A market participant – calculation required for separate load facilities **7.1.1** (1) A market participant in Ontario that does not satisfy the condition set out in clause 7.1 (2) (a) in respect of a load facility for an adjustment period that begins in 2015 or 2016 (the "applicable adjustment period") is a Class A market participant for that load facility and adjustment period if the following conditions are satisfied: 1. The market participant elects, under subsection (3), to be a Class A market participant for the load facility for the applicable adjustment period, or has	**3. (1) Section 7.1.1 of the Regulation is amended by adding the following subsection:** (1.2) A market participant in Ontario that does not satisfy the condition set out in clause 7.1 (2) (a) in respect of a load facility for an adjustment period that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A market participant for that load facility and adjustment period, if the following conditions are satisfied: 1. The market participant elects, under subsection (3), to be a Class A market participant for the load facility for the applicable adjustment period, or has	• The Ministry of Energy is proposing to amend O. Reg. 429/04 in order to expand eligibility under the Industrial Conservation Initiative (ICI) to include electricity consumers and market participants in the manufacturing and greenhouse sectors with an average monthly peak demand greater than 500 kilowatts (kW) and less than or equal to 1 megawatt (MW). • Currently, ICI is available only to electricity consumers and market participants with an average monthly peak demand of greater than 1 MW. • The new proposed amendments would

made such an election for a prior adjustment period and the election has not been revoked. 2. Throughout the applicable base period, the load facility is identified by NAICS code 493120 or a NAICS code commencing with the digits "21", "31", "32", "33", "518" or "1114". 3. The conditions set out in paragraphs 1, 2 and 4 of subsection 7 (1) are satisfied for the load facility for the applicable adjustment period. 4. The market participant's maximum hourly demand for electricity for the load facility in a month, as determined by the IESO, exceeds an average of 3 megawatts but is less than or equal to an average of 5 megawatts for the applicable base period. Note: On July 1, 2017, subsection 7.1.1 (1) of the Regulation is revoked. (See: O. Reg. 366/16, s. 4 (2)) (1.1) A market participant in Ontario that does not satisfy the condition set out in clause 7.1 (2) (a) in respect of a load facility for an adjustment period that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A market participant for that load facility and adjustment period if the following	made such an election for a prior adjustment period and the election has not been revoked. 2. Throughout the applicable base period, the load facility is identified by a NAICS code commencing with the digits "31", "32", "33" or "1114". 3. The conditions set out in paragraphs 1, 2 and 4 of subsection 7 (1) are satisfied for the load facility for the applicable adjustment period. 4. The market participant's maximum hourly demand for electricity for the load facility in a month, as determined by the IESO, exceeds an average of 500 kilowatts but is less than or equal to an average of 1 megawatt for the applicable base period.	allow eligible electricity consumers/market participants in the manufacturing and greenhouse sectors (i.e., with North American Industry Classification System Classification ("NAICS") codes commencing with the digits "31", "32", "33" and "1114") in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt-in to ICI.

conditions are satisfied: 1. The market participant elects, under subsection (3), to be a Class A market participant for the load facility for the applicable adjustment period, or has made such an election for a prior adjustment period and the election has not been revoked. 2. The conditions set out in paragraphs 1, 2 and 4 of subsection 7 (1) are satisfied for the load facility for the applicable adjustment period. 3. The market participant's maximum hourly demand for electricity for the load facility in a month, as determined by the IESO, exceeds an average of 1 megawatt but is less than or equal to an average of 5 megawatts for the applicable base period. (2) Subsections 7.1 (3) and (5) apply, with necessary modifications, with respect to the market participant and the load facility. (3) A market participant may elect to be a Class A market participant in respect of a load facility for an adjustment period by giving written notice of the election to the IESO no later than June 15 of the calendar year in which the adjustment period begins.	**(2) Subsection 7.1.1 (4) of the Regulation is amended by adding the following paragraph:** 4. For a market participant to whom subsection (1.2) applies, during the applicable base period for the applicable adjustment period, the load facility ceases to be identified by a NAICS code described in paragraph 2 of that subsection.	

(4) An election in respect of a load facility is revoked for an adjustment period (the "applicable adjustment period"), and the election has no further effect with respect to any subsequent adjustment period, if any of the following circumstances exist: 1. The market participant has elected under section 19 to be a Class B market participant for the applicable adjustment period. 2. During the applicable base period for the applicable adjustment period, the load facility ceases to be identified by a NAICS code described in paragraph 2 of subsection (1). Note: On July 1, 2017, paragraph 2 of subsection 7.1.1 (4) of the Regulation is revoked. (See: O. Reg. 366/16, s. 4 (5)) 3. The market participant's maximum hourly demand for electricity for the load facility in a month, as determined by the IESO, does not meet the requirements of this section. (5) The IESO shall rely on the information provided by the market participant under subsection (3).		

<table>
<tr>
<td>N/A</td>
<td>4. The Regulation is amended by adding the following sections:

Former Class A market participants, continued status

7.2 (1) A market participant in Ontario that does not satisfy the condition set out in paragraph 3 of subsection 7 (1) for an adjustment period under this Part that begins on or after July 1, 2017 (the “applicable adjustment period”) is a Class A market participant for that adjustment period if the following conditions are satisfied:

1. The conditions set out in paragraphs 1, 2 and 4 of subsection 7 (1) are satisfied for the applicable adjustment period.

2. The market participant was a Class A market participant for a previous adjustment period that began on or after July 1, 2016.

3. During the base period for any adjustment period that began on or after July 1, 2016 in which the market participant was a Class A market participant,

i. the market participant entered into a contract with the IESO, with a licensed distributor, or with the</td>
<td>• The Ministry of Energy is proposing to amend O. Reg. 429/04 to enable ICI participants to retain their Class A status after having experienced a reduction in demand, so long as they participate in certain prescribed CDM or OCCSDC programs or initiatives.

• The proposed amendments would permit a Class A consumer or market participant that participates in such programs or initiatives to retain its Class A status even if its average monthly peak demand falls below the 500 kW threshold for manufacturers and greenhouses, or the 1 MW threshold applicable to all other consumers and market participants.</td>
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	Ontario Climate Change Solutions Deployment Corporation, to participate in an eligible program, pilot or project listed in subsection (3) offered by the IESO, the licensed distributor, the Ontario Climate Change Solutions Deployment Corporation or any combination of them, and ii. the market participant has received, or is entitled to receive, funding or another incentive under the program, pilot or project. 4. The market participant gives the IESO the information requested by the IESO to establish that the market participant satisfies the conditions described in paragraph 3 on or before June 15 of the calendar year in which the adjustment period begins. (2) Subsections 7 (2) and (4) apply, with necessary modifications, with respect to the market participant. (3) The eligible programs, pilots and projects for the purposes of paragraph 3 of subsection (1) are the following: 1. Conservation and Demand Management (CDM) Programs and Pilots delivered under the 2015 to 2020 Conservation	

	First Framework, administered by the IESO, established or included under a direction of the Minister, dated March 31, 2014, entitled "2015-2020 Conservation First Framework" and other programs and pilots under initiatives of the IESO established or included under that direction. 2. CDM Programs and Pilots under the 2015 to 2020 Industrial Accelerator Program, administered by the IESO, established under a direction of the Minister dated July 25, 2014 entitled "Industrial Accelerator Program". 3. IESO Demand Response Auctions and Pilots, established under the market rules. 4. Ontario Climate Change Solutions Deployment Corporation programs and initiatives established by the Corporation, where the program or initiative includes an electricity conservation, efficiency, load-management or demand-management component. (4) The IESO shall rely on the information provided by the market participant under this section. **Former Class A market participant, continued status — calculation for**	

	separate load facilities **7.3** (1) For the purpose of subsection 7.2 (1), a market participant in Ontario that does not satisfy the condition set out in clause 7.1 (2) (a) in respect of a load facility for an adjustment period under this Part that begins on or after July 1, 2017 (the "applicable adjustment period") is a Class A market participant for that load facility and adjustment period if the following conditions are satisfied: 1. The market participant was a Class A market participant in respect of the load facility for a previous adjustment period that began on or after July 1, 2016. 2. During the base period for any previous adjustment period that began on or after July 1, 2016 in which the market participant was a Class A market participant in respect of the load facility, i. the market participant entered into a contract with the IESO, with a licensed distributor, or with the Ontario Climate Change Solutions Deployment Corporation, to participate in an eligible program listed in subsection 7.2 (3) offered by the IESO, the licensed distributor, the Ontario Climate Change Solutions	

	Deployment Corporation or any combination of them, and ii. the market participant has received, or is entitled to receive, funding or another incentive under the program, pilot or project in respect of the load facility. 3. The market participant gives the IESO the information requested by the IESO to establish that the market participant satisfies the conditions described in paragraph 2 on or before June 15 in the calendar year in which the adjustment period begins. (2) If the conditions set out in subsection (1) are not satisfied in respect of a load facility for the applicable adjustment period, the market participant is a Class B market participant in respect of the load facility for that adjustment period. (3) Subsections 7.1 (3), (4) and (5) apply, with necessary modifications, with respect to the market participant and the load facility. (4) The IESO shall rely on the information provided by the market participant under this section.	

Communications Snapshot:
Expansion of the Industrial Conservation Initiative (ICI)

Communications Objectives

- Demonstrate the government's commitment to improving the availability of conservation and energy efficiency programs, and other opportunities, to help support businesses increase efficiency, manage their energy bills and strengthen their competitiveness.

- Communicate to newly eligible customers about the benefits of the Industrial Conservation Initiative (ICI) program and other Ontario programs that can help to reduce costs (i.e., conservation and energy efficiency programs).

Context

- Since 2010, electricity prices have risen, particularly for households, but also for Ontario businesses. Price increases are associated with investments to replace coal-fired electricity generation with cleaner sources of energy like refurbished nuclear, renewables and natural gas. Media outlets from across the province have highlighted the effects rising electricity prices are having on business consumers.

- Ontario has a number of existing measures in place to help businesses manage the cost of electricity including:
    - The Save on Energy for Business program for commercial, institutional and industrial consumers, which offers incentives to a broad range of businesses for energy audits, retrofits, process and systems upgrades, and energy efficient measures, such as lighting.

    - Ontario's Five-Point Small Business Energy Savings Plan, which includes promoting the use of energy managers, enhancing business conservation and energy efficiency programs and improving marketing of these programs. As part of this plan, in 2015, the Ministry of Energy released "Helping Small Businesses Save Energy, a print and online guide on new Ontario programs and services available to businesses. The guide includes energy saving tips, information on available programs and financial incentives, as well as case studies on small businesses that have benefited from participating in conservation and energy efficiency programs and renewable energy projects.

    - The Industrial Accelerator Program which provides financial incentives to eligible transmission-connected electricity consumers to fast track capital investments in major energy conservation projects and to help companies become more competitive.
        - Transmission customers can also elect to have their distribution-connected sites participate in the Industrial Accelerator Program.
        - The Industrial Accelerator Program is delivered by the Independent Electricity System Operator (IESO) and includes programs that offer incentives for investment in innovative process changes and equipment retrofits to reduce electricity consumption, as well as access to experienced Energy Managers.

- The Northern Industrial Electricity Rate Program (NIERP) which provides $20 megawatt per hour (MWh) rebate for qualifying large northern industrial consumers.

- Demand Response (DR) which provides payments to businesses and industry to shift or reduce electricity consumption during periods of peak electricity demand. Since 2015, the IESO has been holding annual DR auctions to procure DR resources. DR auction participation is open to resources with peak load greater than 1 MW (e.g. industrial consumers, aggregators etc.).

- The Industrial Conservation Initiative (ICI) which allows large electricity consumers to lower their electricity costs by reducing their demand during peak hours. Reducing demand during peak hours benefits companies financially and benefits the electricity system by deferring the need for new infrastructure (e.g. generation, transmission etc.).

- In September 2016 Ontario expanded the ICI program by lowering the threshold to one megawatt and removed sector restrictions so that more consumers can benefit. This expansion is expected to make over 1,000 electricity consumers eligible to participate in ICI.

- In March 2017, Ontario announced more businesses would become eligible to participate in ICI through further expansion of the program by reducing the threshold from 1 MW to 500 kW for electricity consumers in the manufacturing sector as well as greenhouses.

- These changes would come into effect in July 2017.

- Many of the newly eligible customers are smaller and potentially less sophisticated than current ICI participants. Therefore, outreach will be required to inform potential participants about the program and answer potential questions.

- The ministry supports a proposal put forth by the Ontario Chamber of Commerce (OCC) to roll out an energy education initiative. The initiative will help inform the OCC membership about the expansion of ICI and other energy programs that will help to reduce cost for electricity consumers in the business sector. The OCC represents many Ontario consumers that will be newly eligible for ICI and other energy programs.

- The ministry is also in discussions with Canadian Manufacturers and Exporters (CME) about outreach to their membership on ICI.

Target Audience

- Newly eligible manufacturing and greenhouse consumers

- Consumer groups such as CME, OCC and the Ontario Greenhouse Alliance (TOGA)

Key Messages

- The Ontario government is committed to providing competitive industrial electricity rates for energy intensive consumers, while promoting energy efficiency and wise energy use.

- Reducing peak demand will increase the reliability of the energy system, reduce the need for new generation in the longer term and help reduce greenhouse gas emissions.

- The ICI program is intended to empower a greater number of Ontario industrial businesses to lower their electricity costs by shifting energy demand away from peak demand periods.

- To give more businesses the incentive to participate in the ICI, Ontario is expanding the program by reducing the threshold from 1 MW to 500 kW and targeting more small manufacturing and industrial consumers as well as greenhouses.

- Newly eligible consumers would be able to opt-in to the ICI program at their discretion.

- In addition to ICI, the Save on Energy for Business program for commercial, institutional and industrial consumers offers incentives to a broad range of businesses for energy audits, retrofits, process and systems upgrades, and energy efficient measures, such as lighting.

- The Industrial Accelerator Program provides financial incentives to eligible transmission-connected electricity consumers to fast track capital investments in major energy conservation projects and to help companies become more competitive. To help Ontario's businesses become more energy efficient, manage costs and save money, the province has developed the Five-Point Small Business Energy Savings Plan, which includes promoting the use of energy managers, enhancing business conservation and energy efficiency programs and improving marketing of these programs.

- In 2015, the Ministry of Energy released "Helping Small Businesses Save Energy," a print and online guide on new Ontario programs and services available to businesses.

Strategic Approach

- Ministry of Energy to develop:
  - Fact sheet to share with IESO and local energy distribution companies
  - Targeted outreach through IESO, LDCs, sector organizations (OCC, CME, TOGA) to educate on the availability and potential benefits of ICI
  - Save on Energy for Business landing site: https://www.saveonenergy.ca/Business.aspx
  - "Helping Small Business Save Energy," available at: http://www.energy.gov.on.ca/en/saving-energy-for-business/helping-small-businesses-save-energy/
  - Updated QA and housebook notes
  - Key messages on ICI and other energy programs that will reduce the cost of electricity for the business sector to include in Minister's speeches to business audiences

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message
• *ICI impacts to business consumers*	• *Reactive approach; prepare response if concerns are raised by business consumers*	• *The impact of the ICI expansion on other electricity consumers will depend on program uptake but is not expected to have a significant impact.*
• *ICI impacts on residential ratepayers*	• *Reactive approach; prepare response if concerns are raised by ratepayers*	• *The impact of the ICI expansion on other electricity consumers will depend on program uptake but is not expected to have a significant impact.*
• *Confusion over ICI eligibility requirements*	• *Proactive communication with clear details on who is eligible and how to apply*	• *Manufacturing and greenhouse consumers between 500 kW and 1 MW and all consumers over 1MW will now be eligible for the ICI program.*
• *Business consumer concerns that bills continue to increase even after participating in conservation programs.*	• *Reactive approach; prepare response if concerns are raised by consumers*	• *Prices are increasing because our energy system is being transformed – we are making needed investments to modernize the system. We chose to replace coal-fired generation with cleaner sources of energy, which will not only benefit our environment but also the health of Ontarians.* • *As we plan for Ontario's electricity needs for the next 20 years, conservation will be the first resource considered, wherever cost effective. Conservation is the cleanest and most-cost effective energy resource, offers customers a way to reduce their electricity bills and reduces the need to build new generation, distribution and transmission infrastructure*

Tactics & Rollout

	Pre-Launch	Launch (January - June 2017)	Post-Launch (New customers must opt in by June 15)
Regional Rollout Examples: - MPP Template - Speeches - Media event - Op-ed, media pitch - Editorial board meeting	N/A	IESO/LDC/OCC/CME/TOGA events/webinars/other outreach as per OCC energy education proposal	IESO/LDC/OCC/CME/TOGA events/webinars/other outreach as per OCC energy education proposal
Earned Examples: - News release, etc. - Remarks - Event - Calls/emails to targeted audiences - Multilingual media - Fact sheets - House Statement	N/A	IESO and LDC-contracted Energy Managers MEDG economic development officers	IESO and LDC-contracted Energy Managers MEDG economic development officers
Digital / Social Examples: - Web content - Twitter/Facebook - Keyword / interactive web - Blogger outreach - Videos	N/A	N/A	N/A
Paid ***(must include budget)*** Examples: - TV/radio/newspaper - Online banners/ads - Advertorial - Householder/direct mail	N/A	N/A	N/A

Evaluation

- Monitor and track
    - media reactions and editorials
    - incoming correspondence
    - response by opposition MPPs