

**Ministry of the  
Attorney General**  
Legal Services Branch

**Ministère du  
Procureur général**  
Direction des services juridiques



**Ministry of Energy  
Ministry of  
Economic Development and Growth  
Ministry of Research, Innovation and  
Science  
Ministry of Infrastructure  
Accessibility Directorate of Ontario**

**Ministère de l'Énergie  
Ministère du Développement économique et  
de la Croissance  
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## PRIVILEGED AND CONFIDENTIAL

**Memorandum To:** The Honourable Glen Murray  
Chair  
Legislation and Regulations Committee

**From:** Carolyn Calwell  
Director, Legal Services Branch  
Ministry of Energy / Ministry of Economic Development and Growth / Ministry  
of Research, Innovation and Science / Ministry of Infrastructure / Accessibility  
Directorate of Ontario

**Date:** April 4, 2016

**Re:** Ontario Fair Hydro Plan –  
Amending O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act) made  
under the *Electricity Act, 1998*

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Please be advised that the draft of the above-referenced item being submitted for consideration of the Legislation and Regulations Committee on April 10, 2016 is consistent with Policy approval received by Cabinet on March 1, 2017 save and except for the following variance:

- Paragraph 2 E of the Cabinet Minute, dated March 1, 2017, read as follows:
- 2. ENERGY develop and implement, subject to appropriate Treasury Board/Management Board of Cabinet approvals, rate mitigation initiatives targeted at specific populations, including:

[ . . . ]

- E. Expanding the Industrial Conservation Initiative (ICI) by reducing the eligibility threshold to 500 kW for consumers under North American Industry Classification System (NAICS)

codes 31-33 (i.e., manufacturing) to enhance competitiveness for Class B electricity consumers beginning July 2017. Newly eligible consumers would be required to opt-in to the program if they wish to participate.

The proposed draft amending regulation would add a reference to a further North American Industrial Classification (NAICs) code, namely adding NAICs prefix 1114, in order to expand the Industrial Conservation Initiative (ICI) eligibility to greenhouses.

Other amendments would allow Class A status to certain consumers and market participants where the consumer or market participant could demonstrate that they participated in one of the prescribed conservation and demand / load management programs or initiatives established pursuant to a direction to the IESO issued by the Minister of Energy or pursuant to a contract entered into with the Ontario Climate Change Solutions Deployment Corporation and met the other criteria provided for.

Sincerely,

Original signed by  
Carolyn Calwell  
Director

Encl.

| Minute Item | Approved Policy/Policy Sought to be Approved                                                                                                                                                                                                                                                                                                                                                          | Proposed Variance                                                                                                                  | Degree of Variance | Rationale/Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.E         | Expanding the Industrial Conservation Initiative (ICI) by reducing the eligibility threshold to 500 kW for consumers under North American Industry Classification System (NAICS) codes 31-33 (i.e., manufacturing) to enhance competitiveness for Class B electricity consumers beginning July 2017. Newly eligible consumers would be required to opt-in to the program if they wish to participate. | Include the greenhouse sector (North American Industry Classification System (NAICS) code "1114") in the proposed expansion to ICI | Low/Medium         | <p>The proposed amendments would help 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.</p> <p>The proposed amendments would reduce electricity bills by up to one-third for new ICI participants who are able to reduce their electricity demand during peak demand periods.</p> <p>The extent of the impact of the expanded ICI on other non-ICI participants would depend on the uptake in the newly expanded ICI but is expected to be modest.</p> |