St. Albert Cheese Co-Operative

Purpose

Premier, on Wednesday, October 13, you will be visiting St-Albert Cheese Co-Operative.

On February 3, 2013, the St-Albert Cheese Co-operative was completely destroyed by a devastating fire. The entire community was affected. In the immediate aftermath of the fire, production was quickly moved to other factories so that they could keep supplying to customers and save as many jobs as possible.

The total cost of the reconstruction was more than $30 million. The result is a state-of-the art 75,000-square-foot building that is about 30 per cent bigger than the original factory.

Background

- St-Albert Cheese Co-Operative was founded on January 8, 1894, making it one of the oldest cooperatives in Canada.
- A significant fire completely destroyed the installations of production of the cooperative in St-Albert Cheese Co-Operative on February 3rd, 2013. The incident had a great impact not only on the members of the cooperative and its workers, but the community as well.
- In March 2015, St. Albert Cheese Co-Operative filed a $40 million lawsuit, blaming bad electrical work for the fire. Quench Electric was named as a co-defendant. Quench was the factory's sole electrical contractor between 1995 and 2011. Our ministry has no further information on the lawsuit since it was announced in 2005.
- The total cost of the reconstruction was more than $30 million. The result is a state-of-the art 75,000-square-foot building that is about 30 per cent larger than the original facility.
- St-Albert Cheese Co-Operative continues to produce high-quality cheese and dairy products with milk from eastern Ontario dairy farmers.

Relationship with Government

- On February 10th 2014, it was announced that St. Albert Cheese Co-Operative had been approved for $1,000,000 in REDI funding. The purpose of the funding was to provide the company with a computerized system for the monitoring of production, the modernization of quality management and for marketing and business development, following the reconstruction of the plant.

- <u>Not Public Information</u> **-** On September 22nd, 2016, St. Albert Cheese Co-Operative was approved for $9,900 from the provincial government, under Growing Forward 2, to put towards the completion of necessary preliminary assessments before proceeding with the acquisition installation of ERP software for the business. To do this, St. Albert Cheese will be hiring a firm of external consultants to do an in-depth functional assessment of their needs and to assist in choosing the best software and hardware for their business. The funding they have requested will be used to cover part of their costs of this assessment.

Relevant Policy Issues

Electricity Rates

- Electricity costs have been a hot topic across the province, and especially in more rural parts of the province.
- This was brought up frequently as an issue at AMO, both in terms of residential and commercial impacts.
- The rebate proposed in the Speech from the Throne, along with the additional support offered rural customers, provides significant help to these households.
- Nonetheless, some have claimed these supports do too little to provide help.
- The Ministry of Energy has since cancelled the second round of large renewable procurement, and has taken other efforts to indicate that affordability is an priority, including making affordable access a centrepiece of the Minister's recent speech to the Ontario Energy Association.
- Stakeholders, including the EOWC, will have the opportunity to give input into planning of the future of the provincial energy system through the Long-Term Energy Plan. The latest LTEP process is advancing with extensive consultations this fall across the province.

Key messages:

- Our government modernized an electricity system that needed to be fixed, to ensure Ontarians have the power they need, when they need it.
- We took a dirty system and made it clean, by completely eliminating dirty coal-fired generation – meaning Ontario will have a cleaner future.
- Now we have taken action to ensure every Ontarian has affordable access to our clean, reliable electricity.
- The Ontario Rebate for Electricity Consumers Act, which we have put forward for the House, would help ensure affordable electricity across the province. There are three parts to our plan:
  - Rebating Ontario's portion of HST for families and small businesses, a savings of 8%, or $130 annually for the average household;
  - Increasing protection for rural and remote customers, resulting in a net benefit for these households of 20%, or $540 on average;
  - Expanding the Industrial Conservation Initiative, making it possible for newly eligible medium and large businesses to achieve savings of as much as 1/3 of their bill.
- This relief package is in addition to the many programs our government already offers. Our government will continue to prioritize affordable access to the province's clean, safe, and reliable electricity system.

Industrial Conservation Initiative (ICI)

Depending on their production, the co-op may qualify for ICI.

- ICI provides a strong financial incentive for large electricity consumers to reduce their consumption during peak hours. By reducing the province's peak demand, ICI reduces electricity system costs by deferring the need to build peaking generation.
- Ontario is proposing to expand ICI to include over one thousand additional commercial, institutional and industrial customers. This program will help eligible businesses reduce electricity bills by up to one-third and improve their competitiveness.
- Under this proposed measure, the eligibility threshold would be lowered to one megawatt from three megawatts.
    - In addition, other eligibility restrictions would be removed, allowing a greater number of commercial and institutional businesses to participate
- Changes to the applicable electricity sector regulations would be in place by May 2017, allowing newly eligible consumers to benefit from lower electricity bills starting in July 2018.
- The reduction on electricity bills that ICI provides varies from consumer to consumer. It is expected that over time, the average newly eligible ICI participant will be able to reduce their all-in electricity cost by about one-third by altering their behaviour and investment decisions.

These changes build on Ontario's ongoing commitment to reducing energy bills while maintaining reliability for all consumers. The province has:

- Reduced contract costs by $3.7 billion by renegotiating the Green Energy Investment Agreement
- Approved a plan by Ontario Power Generation to pursue ongoing operations of the Pickering nuclear generating stations, expected to save customers as much as $600 million
- Introduced the competitive Large Renewable Procurement process, annual renewable energy price reviews and revised procurement schedules, which are expected to reduce costs by a further $4.1 billion as compared to previous forecasts.

saveONenergy for Small Business

- Our budget introduced a new 5-Point Small Business Energy Savings Plan to be implemented by local utilities.
- Ontario's Five-Point Business Energy Savings Plan includes:
    1. Promoting the use of energy managers, who can perform assessments and help businesses develop and carry out energy conservation projects.
    2. Marketing business programs, including incentives for energy audits, retrofits and lighting replacement.

3. Enhancing business programs, with increased rebates, more contractor engagement and training and a simplified application processes.
4. Working to make on-bill financing available, to help small businesses finance the upfront costs of energy conservation projects.
5. Providing Long-Term Stable Funding for conservation initiatives.

- Many of these business supports are available through the IESO's "saveONenergy" program.

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