

Ontario's Industrial Conservation Initiative (ICI)

The Industrial Conservation Initiative (ICI) provides a strong incentive for large electricity consumers to shift their electricity consumption to off-peak hours to reduce their bills by about one-third. By reducing the province's peak demand, ICI has the added benefit of deferring the need to build peaking generation. Currently, eligible ICI participants include those consumers with monthly peak demand exceeding three megawatts, subject to eligibility requirements. Under ICI, these consumers are charged Global Adjustment on the basis of their share of the total system demand during the highest five peak hours of the year. There are now about 300 participating consumers who collectively reduced Ontario's peak demand by an estimated 1,000 MW in 2015.

Ontario is proposing to expand the ICI program to include more than one thousand newly eligible customers with monthly peak demand greater than one megawatt, down from the current threshold of three megawatts. In addition, sector restrictions would be removed and smaller institutional and commercial businesses would be eligible to participate.

Expanding participation in the ICI program would:

- Reduce cost pressures on the electricity system by empowering more consumers to lower their electricity demand during peak periods; and
- Reduce electricity bills for new ICI participants who are able to reduce their electricity demand during peak demand periods.

Newly eligible customers would have the opportunity to opt-in to the ICI program.

Customer Impact Example

With more than a thousand new businesses soon eligible for ICI, cost impact across sectors and industries will vary. As an illustrative example of the impact, a plastics manufacturer with an average peak demand of 2 MW that participates in the ICI program could see its electricity price reduced from \$154 per MWh to as low as \$102 per MWh. This would result in energy cost savings of up to \$42,000 per month.

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