Ontario

BACKGROUNDER

Ministry of Energy

Ontario's Industrial Conservation Initiative (ICI)

September 13, 2016

The Industrial Conservation Initiative (ICI) provides a strong incentive for industrial 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, the Industrial Conservation Initiative has the added benefit of reducing cost pressures on electricity prices by deferring the need to build peaking generation.

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. Currently there are about 300 particpating consumers who collectively have reduced Ontario's peak demand by about 1,000 MW.

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 industrial, 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
- 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.

Case Study

With more than a thousand new businesses soon eligible for ICI, cost impact across sectors and industries will varry. As an illisutraive 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 costs 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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