Communications Snapshot – Global Adjustment for Energy Storage Projects

Communications Objectives

Propose regulatory amendments to address how Global Adjustment (GA) is charged for energy storage projects.

Context

- Energy storage is a unique asset within electricity markets; sometimes it consumes electricity like a load, other times it releases electricity into the grid, like a generator.
- Within the regulation, there are two types of electricity consumers in Ontario: Class A and Class B.
  - Class A entities are generally larger facilities and are charged GA based on their share of provincial demand during the five days during the year when provincial electricity demand is the highest, the five "peaks."
  - Class A energy storage facilities can avoid GA charges by not charging during the provincial peaks. Charging when market prices are low, and discharging when demand is high makes economic sense for Class A energy storage facilities.
  - Class B entities are smaller facilities and pay GA rate on a volumetric basis based on a monthly rate.
  - Class B facilities are charged on a gross basis and do not recoup GA on electricity discharged into the grid. The end user of electricity generated from Class B energy storage facilities also pays GA on their consumption, amounting to a ***'double counting'*** of the GA on the electricity that an energy storage facility discharges.
- The proposed amendments to O. Reg. 429/04 (Adjustments under Section 25.33 of the Act) made under the Electricity Act, 1998, would eliminate the double counting, which the Ministry considers is an unfair barrier to certain types of grid-connected energy storage.
- Amendments to the regulation include a definition of energy storage for present and future energy storage applications, and change the application of GA for Class B energy storage facilities. The amendments will move the application of GA from a gross consumption to a net consumption basis.
- A notice of proposed amendments was posted on the regulatory registry from October 27, 2017 to November 24, 2017. Three comments were received through the regulatory registry from Energy Storage Canada (ESC), Toronto Hydro and the Electricity Distributors Association (EDA), while the Electrical Safety Authority (ESA) conveyed feedback through the Ministry of Government and Consumer Services staff.
  - Both Toronto Hydro and the EDA expressed support for of the proposal.
  - Comments from the ESA, ESC, and Toronto Hydro expressed interest in the definition of energy storage. The Ministry has proposed a broad definition of energy storage within the regulation.
  - Other comments from the EDA and Toronto Hydro were out of scope; the issues identified are within the purview of the Ontario Energy Board (OEB).
- The Ministry continues its ongoing dialogue with ESC, the only industry association in Canada that focuses on advancing opportunities and building the market for energy storage. While ESC advocates for the removal of GA entirely from the bills of energy storage facilities, this approach would provide an unfair advantage for energy storage providers and cause GA costs to be absorbed by other consumers. The ESC made recommendations to this effect in their submission to the regulatory registry.

Target Audience

- The energy storage industry, including individual companies and ESC, will likely be supportive of the amendment, but may argue that the changes do not go far enough.

- The IESO and the OEB will be responsible for implementation through changes to processes, codes and market rules. Local distribution companies will be required to implement the changes by providing net billing to eligible customers.

Key Messages

- Energy storage is a unique technology that holds promise for Ontario's electricity sector.
- The Ministry of Energy is fulfilling its Long-Term Energy Plan commitment to ensure that energy storage is treated fairly in Ontario's electricity markets.
- The Ministry is committed to supporting energy innovation and innovative technologies in Ontario.
- This proposed amendment will address the double-counting of GA and remove unfair barriers to energy storage in the marketplace, without putting other technologies at a disadvantage.
- Ontario's Long-Term Energy Plan is taking additional steps to reduce barriers for innovative technologies, like energy storage. The Ministry will work with its agency partners, including the IESO and the OEB, to implement the LTEP and overcome these barriers.

Strategic Approach

- The ministry does not plan to proactively communicate on the regulatory amendments.
- Reactive materials will include updated Q&As, key messages and issues management plan.
- Continue to monitor and track media and sector reactions and editorials and incoming correspondence.

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message
• *That changes to the global adjustment do not provide enough support for energy storage.*	• *TBA*	• *Energy storage is a unique technology that holds promise for Ontario's electricity sector.* • *This amendment recognizes the unique value and characteristics of energy storage in Ontario and seeks to eliminate market barriers to their deployment.* • *As part of the Long-Term Energy Plan, the Ministry has directed the Ontario Energy Board and Independent Electricity System Operator to identify further barriers to energy storage and recommend mitigation strategies.* • *This amendment and our direction to our agencies represent the Ministry's prudent approach to energy storage.*
• *By requiring energy storage facilities to pay less GA, the Ministry is passing on costs to the ratepayer.*	• *TBA*	• *Through this amendment, the Ministry is addressing a situation where GA would be charged twice on the same electricity.*
• *Energy storage should not pay GA because of the number of services it can offer to Ontario's electricity markets.*	• *TBA*	• *The Ministry is dedicated to ensuring that all technologies are treated fairly in Ontario's electricity markets.* • *This amendment recognizes the unique value and characteristics of energy*

		storage in Ontario. It is one step in the Ministry's efforts to reduce market barriers to energy storage without unfairly disadvantaging other technologies.

Tactics & Rollout

Launch Event	
Proposed Date and Time	**Location**
n/a	n/a
Description *(What is the event, who is leading it? If it's a third party event, how does it connect to the announcement?)*	
n/a	
Visual/Photo-op *(Describe the backdrop (e.g., protected greenbelt forest) and describe any planned photo ops (e.g., boarding a new TTC streetcar).*	
n/a	
Speakers & Attendees	
Government speakers: n/a **Other speakers:** n/a **Estimated number of attendees:** n/a	

	Pre-Launch	Launch	Post-Launch
Regional Rollout Examples: - MPP Template - Speeches - Media event - Op-ed, media pitch - Editorial board meeting	• n/a	• n/a	• n/a
Earned Examples: - News release, etc. - Remarks - Event - Calls/emails to targeted audiences - Multilingual media - Fact sheets - House Statement	• n/a	• n/a	• n/a
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

- Will continue to monitor and track:
  - media reactions and editorials
  - incoming correspondence
  - response by opposition MPPs