November 1, 2017

Minister Thibeault Stratford QA

Q1. What does Ontario's 2017 Long-Term Energy Plan (2017 LTEP) mean for businesses in the province?

Ontario recognizes the importance of electricity prices for industry. Keeping electricity affordable is part of our plan to create jobs, grow the economy, and help people in their everyday lives.

The 2017 LTEP electricity price outlook for large industrial consumers reflects average increases in line with inflation over the forecast period. Currently, the electricity price for industrial electricity consumers in Ontario is lower than the average price in the Great Lakes region as reported by the U.S. Energy Information Administration.

As part of Ontario's Fair Hydro Plan, we expanded the Industrial Conservation Initiative (ICI) to include smaller manufacturers and greenhouses with average monthly peak demand greater than 500 kilowatts (kW). ICI participants can lower their bills by an average of one-third by reducing consumption during peak hours.

Consumers of all sizes are benefitting from the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues, lowering regulatory charges paid by all Ontario ratepayers by approximately $3/MWh.

Ontario also has a number of additional measures in place to help businesses manage the cost of electricity, including the Northern Industrial Electricity Rate Program (NIERP), the Industrial Accelerator Program (IAP), saveONenergy for Business conservation programs, and annual Demand Response Auctions.

- The **Industrial Accelerator Program** assists eligible industrial, commercial and institutional customers that are directly or indirectly connected to the IESO transmission grid fast-track capital investment in major energy-efficiency projects. Transmission-connected customers with distribution-connected sites can also elect to have these administered through the IAP.

- **saveONenergy for Business Conservation Programs** offer a variety of financial incentives to help businesses increase energy efficiency and manage their electricity bills. Incentives are available to a broad range of businesses, including institutional customers such as municipalities, for energy audits, retrofits, process and systems upgrades, and small business lighting.

- Annual Demand Response Auctions are held by IESO for demand response capacity. Successful bidders (including residential Demand Response aggregators, large businesses and industry) receive payments to shift their consumption at times when the electricity system is stressed.

n addition, Ontario is looking for new ways to provide electricity rate assistance to consumers that are too large to be eligible for the Ontario Energy Board's (OEB) Regulated Price Plan (RPP) and too small to be eligible for the ICI, known as non-RPP Class B consumers.

If pressed on Class B consumers:

The government will continue to look for other opportunities to reduce costs for these consumers.

Q2. Can you provide any insights about the future of natural gas in Ontario, including increasing access for consumers?

Ontario will continue to support expanded access to natural gas, giving customers greater choice and aiding in the economic development of their communities.

In April 2017, the government launched the new Natural Gas Grant Program to facilitate the expansion of natural gas service into areas of the province which currently do not have access to natural gas, including those in rural and northern Ontario and First Nations communities. The Natural Gas Grant Program is a $100 million initiative, part of the province's Moving Ontario Forward plan led by the Ministry of Infrastructure (MOI), with support from ENERGY and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

The application window for the Grant Program closed on July 31, 2017. MOI is currently reviewing all applications for funding. Ensuring affordable sources of energy are available to more rural and northern communities is a key part of Ontario's energy plan.

A new regulatory framework issued by the Ontario Energy Board (OEB) in November 2016 makes natural gas expansion more economically feasible for unserved communities by giving utilities more flexibility in how they structure their rates. The framework also encourages multiple utilities to compete to serve these communities.

While natural gas will continue to play a central role in the Province's energy supply mix, Ontario is also looking at using renewable natural gas (RNG) to lower the carbon intensity of natural gas use. Renewable fuel alternatives do not incur cap and trade costs and, consequently, are expected to become relatively more attractive than carbon intensive fuels. This could increase the adoption and use of fuels such as RNG, which can use the existing natural gas distribution system to replace the use of conventional natural gas while simultaneously lowering GHG emissions.