

Proceeds Recycling - Analysis of SME impact

From: "Ruttan, Craig (ENERGY)" <craig.ruttan@ontario.ca>
To: "Donelson, Philip (OPO)" <philip.donelson@ontario.ca>, "Seniuk, Greg (OPO)" <greg.seniuk2@ontario.ca>
Cc: "McEachern, Gillian (OPO)" <gillian.mceachern@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>
Date: Fri, 02 Dec 2016 18:20:46 -0500
Attachments: Proceeds Recycling - Class B study 20161201 v4.pptx (121.37 kB)

Good Evening:

Wanted to share some further analysis that our officials have completed regarding the impact that the different volumetric rebate approaches for proceeds recycling would have on Class B consumers such as small manufacturers. We completed this analysis following the meeting with CME members earlier this week.

While under both options an average Class B consumer will receive a \$2.70/MWh benefit, manufacturing companies that operate only with a day shift would in fact be \$0.80/MWh worse off if proceeds were recycled only during off-peak hours. These customers would see a \$0.20/MWh benefit if proceeds were recycled in all hours.

Based on this new analysis, recycling proceeds via off-peak hours would not allow the government to honour its commitment that no industrial/commercial electricity consumer would be worse off as a result of cap and trade.

I'd also note that even under an all-hours approach, companies that consumed less electricity on peak would still receive a significant price advantage over companies that consume primarily during "day shift" hours.

Thought this analysis and piece of information was an important consideration as we work to finalize the LRC package for proceeds recycling. We'd be happy to discuss further should you have any questions or comments.

Many thanks, and have a great weekend,

Craig

Craig Ruttan

Policy Advisor (Energy Supply Policy)
Office of the Hon. Glenn Thibeault | Minister of Energy
900 Bay Street | Hearst Block | 4th Floor
T: 416-314-2641
M: 416-454-2557