RE: Potential Addition to Energy Price Mitigation Submission

From: "McEachern, Gillian (OPO)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mceachern, gillian (opo)501">
To: "Finlay, Charles (MEDG)" <charles.finlay@ontario.ca>
Cc: "Borts, Judith (MEDG)" <judith.borts@ontario.ca>, "Irving, Alex (MEDG)" <alex.irving@ontario.ca>
Date: Sun, 26 Feb 2017 15:16:09 -0500

Thanks Charles.

Gillian McEachern
Executive Director of Policy
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416.325.7038

From: Finlay, Charles (MEDG)
Sent: Sunday, February 26, 2017 9:14 AM
To: McEachern, Gillian (OPO)
Cc: Borts, Judith (MEDG); Irving, Alex (MEDG)
Subject: Potential Addition to Energy Price Mitigation Submission

Hi Gillian,

As a further element for the energy price mitigation submission, we would recommend, in conjunction with the ICI expansion for Class B industrial consumers that we understand is being considered, an expansion of the "energy manager" program for those users. We discussed this on Friday with MOE and they seemed receptive. The "energy manager" program subsidizes industrial consumers in hiring a dedicated energy manager. We would recommend expanding the program to allow multiple businesses to share the cost of their portion of the energy manager salary. This would give more businesses access to an energy manager. Having a part-time energy manager on-site who understands the individual businesses' needs will be helpful in allowing these small and mid-sized industrials to take advantage of the benefits contained in ICI. We might also expand the energy manager program and promote it with a small allocation of additional funds (which can be quite modest). These funds could be allocated from CCAP revenue, as there is a clear connection to GHG reductions—ICI rewards behaviours that reduce peak demand on our system (ie. When natural gas generation is used to augment our otherwise clean power supply).

Two additional considerations:

1. We understand that some options have been proposed related to early elimination of the Debt Retirement Charge. We note that this charge is scheduled to come off in 2018 for industrial users and is only anticipated to have a 4 percent impact. Our view is that this change would be regarded as a largely symbolic, as small businesses are receiving an 8 percent reduction and large consumers can take advantage of ICI. We would recommend against making this change—from a communications perspective it may do more harm than good.

2. In respect of the ICI expansion, in our communications we should be mindful of the commercial customers that will see additional impacts as a result of an ICI expansion. Commercial buildings in particular may see additional cost impacts because as we know, the ICI program does not remove costs but rather shifts costs around the system. However, we don't see this as entirely bad—mid-sized industiral users are least able to change their consumption patterns as most of their electiricty use is due to their manufacturing processes, whereas commercial buildings have opportunities to enhance their efficiencies through building retrofits / lighting / heating and cooling changes. This could also drive the commercial building sector to take advantage of retrofit programs in CCAP.

Happy to discuss further and continue to work with MOE on these points as you like.

Best,

Charles