

Ministry of the
Attorney General
Legal Services Branch

Ministère du
Procureur général
Direction des services juridiques



Ministry of Energy
Ministry of
Economic Development and Growth
Ministry of Research, Innovation and
Science
Ministry of Infrastructure
Accessibility Directorate of Ontario

Ministère de l'Énergie
Ministère du Développement économique et
de la Croissance
Ministère de la Recherche, de l'Innovation et
des Sciences
Ministère de l'Infrastructure
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PRIVILEGED AND CONFIDENTIAL

Memorandum To: The Honourable Glen Murray
Chair
Legislation and Regulations Committee

From: Carolyn Calwell
Director, Legal Services Branch
Ministry of Energy / Ministry of Economic Development and Growth / Ministry
of Research, Innovation and Science / Ministry of Infrastructure / Accessibility
Directorate of Ontario

Date: April 4, 2017

Re: Ontario Fair Hydro Plan –
Amending O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act) made
under the *Electricity Act, 1998*

Please be advised that the draft of the above-referenced item being submitted for consideration of the Legislation and Regulations Committee on April 10, 2016 is consistent with Policy approval received by Cabinet on March 1, 2017 save and except for the following variance:

- Paragraph 2 E of the Cabinet Minute, dated March 1, 2017, read as follows:
- 2. ENERGY develop and implement, subject to appropriate Treasury Board/Management Board of Cabinet approvals, rate mitigation initiatives targeted at specific populations, including:

[. . .]

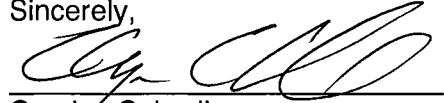
- E. Expanding the Industrial Conservation Initiative (ICI) by reducing the eligibility threshold to 500 kW for consumers under North American Industry Classification System (NAICS)

codes 31-33 (i.e., manufacturing) to enhance competitiveness for Class B electricity consumers beginning July 2017. Newly eligible consumers would be required to opt-in to the program if they wish to participate.

The proposed draft amending regulation would add a reference to a further North American Industrial Classification (NAICs) code, namely adding NAICs prefix 1114, in order to expand the Industrial Conservation Initiative (ICI) eligibility to greenhouses.

Other amendments would allow Class A status to certain consumers and market participants where the consumer or market participant could demonstrate that they participated in one of the prescribed conservation and demand / load management programs or initiatives established pursuant to a direction to the IESO issued by the Minister of Energy or pursuant to a contract entered into with the Ontario Climate Change Solutions Deployment Corporation and met the other criteria provided for.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carolyn Calwell', is written over a horizontal line.

Carolyn Calwell
Director

Encl.

Minute Item	Approved Policy/Policy Sought to be Approved	Proposed Variance	Degree of Variance	Rationale/Commentary
2.E	Expanding the Industrial Conservation Initiative (ICI) by reducing the eligibility threshold to 500 kW for consumers under North American Industry Classification System (NAICS) codes 31-33 (i.e., manufacturing) to enhance competitiveness for Class B electricity consumers beginning July 2017. Newly eligible consumers would be required to opt-in to the program if they wish to participate.	Include the greenhouse sector (North American Industry Classification System (NAICS) code "1114") in the proposed expansion to ICI	Low/Medium	The proposed amendments would help ensure that the expanded ICI is focused on those consumers which are most impacted by GA costs and associated economic competitiveness pressures from neighbouring jurisdictions. The proposed amendments would reduce electricity bills by up to one-third for new ICI participants who are able to reduce their electricity demand during peak demand periods. The extent of the impact of the expanded ICI on other non-ICI participants would depend on the uptake in the newly expanded ICI but is expected to be modest.