MEETING NOTE

NAME OF MUNICPALITY/ORGANIZATION: City of North Bay

DATE/TIME OF MEETING: January 22nd, 2018 (12:15 p.m. – 12:30 p.m.)

LOCATION OF MEETING: Davenport Room, Sheraton Toronto, 4th Floor

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ATTENDEES: **Minister of Energy**
Glenn Thibeault

City of North Bay
Mayor Al McDonald, Mayor
Keith Robicheau, CAO

LAST MEETING: AMO 2017

AGENDA:

1. Municipal GHG Challenge Fund
2. Community GHG Inventory Collaboration
3. Local Industry Electricity Costs

NOTES ON AGENDA ITEMS:

1. Municipal GHG Challenge Fund

- Municipality would like to discuss MOECC's Municipal GHG Challenge Fund

Suggested Response:

- **The Municipal GHG Challenge Fund is a program delivered by the Ministry of the Environment and Climate Change (MOECC) that aims to support community-led action on climate change.**
- **The competitive application-based program will fund up to 100% of the eligible costs for greenhouse gas emissions reduction projects proposed by municipalities. Municipalities may request up to $10 million per project, however, the application period for the program is now closed.**
- **I encourage you to contact MOECC for more detailed information. The program guidelines are available on the Grants Ontario website at www.grants.gov.on.ca. Email inquiries may be directed to ChallengeFund@ontario.ca.**

Background:

- The Municipal GHG Challenge Fund program is delivered by MOECC.

- The program is funded by proceeds from Ontario's carbon market. Any Ontario municipality with a community-wide greenhouse gas inventory, emissions reduction targets and a strategy/plan to reduce emissions is eligible to apply, though the current application period is now closed.

- Municipal projects that are eligible for funding would aim to reduce greenhouse gas emissions in any sector, including in buildings, energy supply, water, transportation, waste and organics. Projects that are currently underway are only eligible if they were initiated after June 1, 2016.

2. Community GHG Inventory Collaboration with Municipalities

- The Municipality would like to discuss Community GHG inventory collaboration with Municipalities

Suggested Response:

- **The Ministry of Energy supports municipalities' efforts to better understand their local energy needs, identify energy conservation and green energy opportunities, support economic development strategies, and develop plans to meet their goals through the Municipal Energy Plan (MEP) program. This includes preparing a community-wide GHG inventory.**

- **The program is available to all municipalities across Ontario and I encourage your municipality to apply. For more information on the MEP program, visit www.ontario.ca/municipalenergyplan or email MEP@ontario.ca**.

Background:

- The Municipal Energy Plan (MEP) program is available to all municipalities across Ontario.

- There are two streams of funding through the MEP program. Stream 1 provides successful applicants with 50% of eligible costs, up to a maximum of $90,000 to complete an energy plan. Stream 2 provides successful applicants with 50% of eligible costs, up to a maximum of $25,000 to update or enhance existing energy plans.

- MEP program participation is a path to eligibility for the province's Municipal GHG Challenge Fund that was announced in Ontario's Climate Change Action Plan. Municipal projects that reduce GHG emissions may be eligible for funding, including in the waste, buildings, energy supply, water and/or transportation sectors.

3. Local Industry Electricity Costs

- Concerns about the cost of electricity for local industry.

Suggested Response:

- **Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians. Helping businesses succeed and thrive is part of the government's plan to build Ontario up.**

- **Ontario recently released its 2017 Long-Term Energy Plan (2017 LTEP). The 2017 LTEP price outlook for industrial consumers reflects average increases in line with inflation over the forecast period.**

- **Currently, the electricity price for industrial consumers in Ontario is lower than the average price in the Great Lakes region, as reported by the U.S. Energy Information Administration.**

  - **Consumers that participate in the Northern Industrial Electricity Rate (NIER) Program can achieve even lower rates.**

- **As part of Ontario's Fair Hydro Plan, the Industrial Conservation Initiative (ICI) has been expanded to include smaller manufacturers and greenhouses with peak demand over 500 kW. Participants in ICI have historically achieved average electricity bill reductions of one third.**

  - **ICI was also recently expanded on January 1, 2017, when the eligibility threshold was lowered from 3 MW to 1 MW and sector restrictions were removed.**

- **All consumers, including industrials, benefit from shifting the cost recovery for support programs from electricity bills to provincial revenues. This action has lowered regulatory charges by approximately $3/MWh.**

- **Other measures in place to mitigate industrial electricity prices include:**
  - **Process and Systems Upgrade Initiative (PSUI);**
  - **Industrial Accelerator Program (IAP);**
  - **Demand Response; and**

- **Northern Industrial Electricity Rate Program (NIERP).**

- **Our government is also removing the Debt Retirement Charge (DRC) for commercial, industrial and other non-residential electricity users on April 1, 2018, nine months earlier than previously estimated. This will save these consumers another $7/MWh.**

- **Our government is committed to supporting a dynamic and innovative climate for businesses to thrive, grow, and create jobs, including by ensuring competitive electricity prices for industry moving forward.**
  - **This will include improving sector efficiency and modernizing Ontario's electricity market to remove costs from the system and put downward pressure on electricity bills.**

  - **For example, the Independent Electricity System Operator's (IESO) Market Renewal initiative is expected to save up to $5.2 billion over a ten-year period and forms a key part of our plan to manage system costs in the longer term.**

- **Conservation is the cleanest and most cost-effective energy resource, offering homeowners and business a way to manage their energy bills while reducing the need for the province to build new generation, transmission and distribution infrastructure.**

Background:

- The **Industrial Conservation Initiative (ICI)** lowers costs for eligible large electricity consumers that reduce consumption during peak hours. This benefits participants financially and benefits the system by reducing the need to build new peaking generation.
  - Following recent expansions of the program, the number of participating consumers in ICI has grown to an estimated 1100 for the 2017-2018 adjustment period from an estimated 300 participants the prior year.

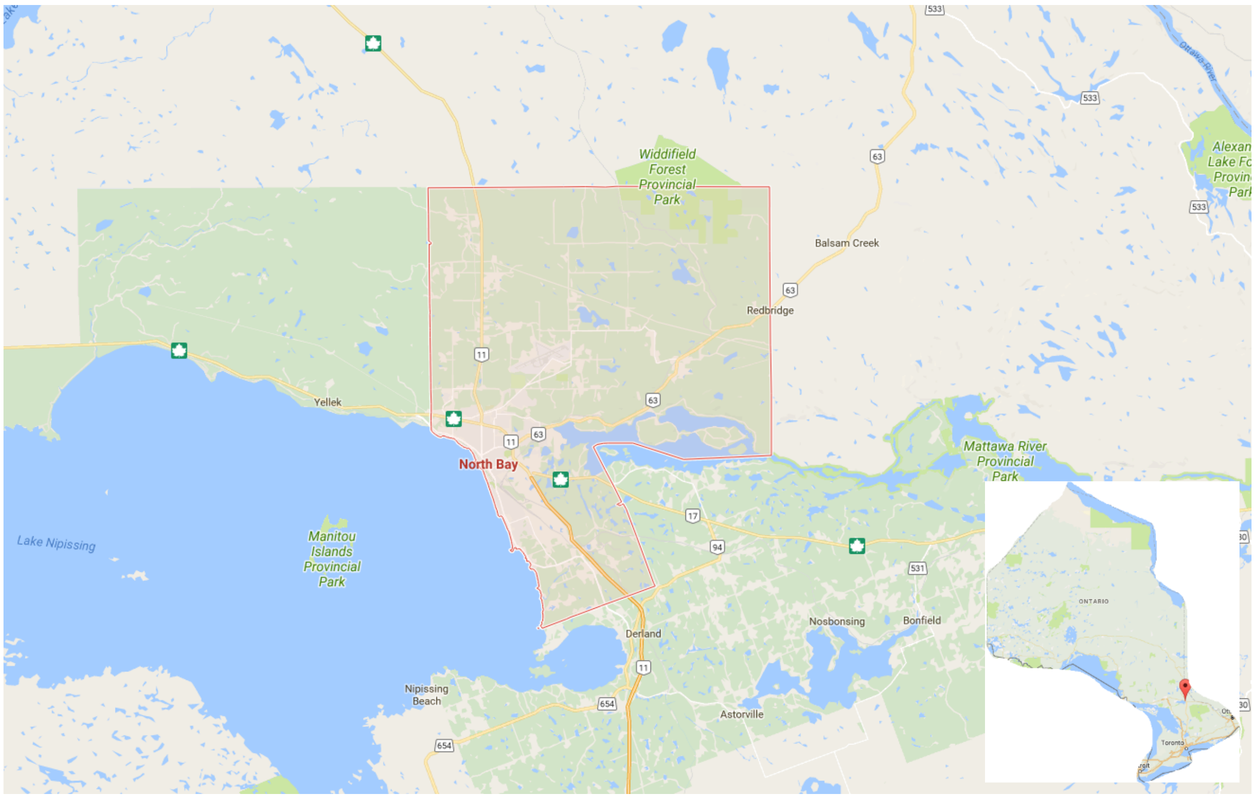
  - Newly eligible consumers had the opportunity to opt-in to the ICI program and would have begun seeing a benefit on their July 2017 bills.

- The **Process and Systems Upgrade Initiative (PSUI)** is an industrial conservation program available to distribution-connected industrial and commercial customers. The program helps organizations with complex systems and processes identify, implement, and validate energy efficiency projects from start to finish.

- Click here for additional background regarding Item 3.

City of North Bay

The City of North Bay is located 1.5 hours east of Sudbury. As of 2011, the population is 53,651.



MEDIA SCAN:

- North Bay MPP Vic Fedeli has been a vocal critic of high industrial electricity prices and their effect on area industries. He believes the government's industrial rebate programs do not help the North.
- A North Bay advocacy group cheered the cancellation of the Energy East pipeline.
- North Bay city council is keen to expedite new natural gas infrastructure. Council recently adopted a motion formally supporting a grant application by Union Gas seeking government funding to help expand the natural gas system near Trout Lake's north shore area. The motion also calls for council support for a financial contribution toward the proposed project in an amount equivalent to the property tax that would be recovered on the new natural gas infrastructure over a 10-year period - approximately $17,500 annually.

APPENDIX

3. Local Industry Electricity Costs – Background:

- **The Industrial Accelerator Program (IAP)** assists eligible transmission-connected companies, and their distribution-connected sites, fast track capital investment in major energy conservation projects. The program provides financial incentives to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption on the provincial system and to help companies become more competitive by positively impacting their bottom line.

- **Annual Demand Response auctions,** held by the IESO, provide payments to successful participants that commit to reducing their consumption when called upon to do so.

- **Northern Industrial Electricity Rate Program (NIERP)** assists Northern Ontario's largest industrial electricity consumers to reduce energy costs, sustain jobs and maintain global competitiveness. Consumers in northern Ontario that participate in the NIER Program can achieve even lower rates – as much as 25 per cent. The program also requires participants to develop and implement energy management strategies, supporting companies in exploring ways to reduce consumption and lower costs.

Conservation and energy efficiency programs

- Ontario has a suite of conservation and energy efficiency programs in place that help homes and business consumers (including municipal, commercial and industrial customers) manage their energy usage and bills, through services and financial incentives for the installation of energy saving measures, or information to promote the wise use of energy.

- These programs are available through the Independent Electricity System Operator (IESO), local distribution companies (LDCs) and natural gas utilities, as well as the Green Ontario Fund.

- For business customers:

  Electricity:

    - The **Save on Energy Retrofit Program** provides incentives of as much as 50 per cent of project costs for updating old or inefficient equipment, including lighting, motors, unitary AC or packaged rooftop units, variable frequency drives, and compressed air systems.

Advanced funding is available for assisted and social housing buildings.

- **Save on Energy Small Business Lighting** provides incentives of up to $2,000 for new energy efficient lighting.

- **Save on Energy Small Business Refrigeration Incentive program** provides up to $2,500 in refrigeration upgrades, which can increase reliability, cut costs and reduce food spoilage.

- **Save on Energy Audit Funding** of up to 50% of the cost of an energy audit to identify opportunities for energy efficiency upgrades and eligible incentives.

- **Save on Energy Process and Systems** provides up to $50,000 for engineering studies and up to 70% of capital costs for energy efficiency upgrades.

- **Save on Energy Manager Program** is available through your local hydro company or through the IESO. Energy managers are trained to find energy savings, identify smart energy investments, secure financial incentives, and unleash competitive advantage.

- **Save on Energy New Home Construction** is designed to encourage home builders and renovators to construct energy-efficient homes, and includes incentives for installation of energy-efficient measures.

- IESO's **Save on Energy Training and Support initiatives** help provide access to the most up-to-date training, such as in building commissioning, certified measurement and verification, and how to be an energy manager.

Natural Gas:

- Under their fixed incentive offers, Enbridge and Union provide financial incentives for a set list of natural gas reducing measures (e.g. furnaces, water heaters, ovens etc.), typically with pre-determined incentive amounts and estimated savings.

- Under their custom incentive offers, Enbridge and Union provide financial incentives for customized natural gas reduction projects.

- The Union Gas RunSmart and Enbridge Gas RunItRight programs help to enhance and optimize existing building systems and operations to find energy efficiencies.

- For industrial customers:

  - The **Industrial Accelerator Program** (IAP) assists eligible transmission-connected companies to fast track capital investment in major energy conservation projects. The program provides financial incentives to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption on the provincial system and to help companies become more competitive by positively impacting their bottom line. Transmission-connected customers with distribution-connected sites can also elect to have these administered through the IAP.

  - The **Process and Systems Upgrade Initiative** (PSUI) is an industrial conservation program available to distribution-connected industrial and commercial customers. The program helps organizations with complex systems and processes identify, implement, and validate energy efficiency projects from start to finish.

  - The IESO holds annual **Demand Response auctions** which provide payments to successful participants that commit to reducing their consumption when called upon to do so, such as during periods of peak demand.

  - The Union Gas **Large Volume Direct Access Program** energy efficiency program provides financial incentives to be used for studies, new equipment, operation & maintenance, metering, and new technology demonstrations.

  - Enbridge provides its industrial customers with a dedicated **Energy Solutions Consultant** (ESC) who will work with customers to develop a solution that meets their unique energy, budget and cost savings objectives. Over the past three years alone, Enbridge ESCs have helped customers save:

    - 110,000,000 m3 of natural gas
    - 20,000,000 KWh of electricity
    - 800,000 m3 of water