

## MEETING NOTE

**NAME OF ORGANIZATION:** Association of Major Power Consumers in Ontario (AMPCO)

**DATE/TIME OF MEETING:** April 11, 2017, 5:15-6:00 pm  
Executive Boardroom, 4<sup>th</sup> Floor Hearst Block

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**PURPOSE:** To better understand AMPCO's concerns in the context of LTEP.

**ATTENDEES:** **Minister of Energy**  
Glenn Thibeault

**AMPCO**  
Colin Anderson, President  
Paul Dottori, Tembec  
Representative from auto sector

**LAST MEETING:** At AMPCO's lobby day in Fall 2016

### OVERVIEW:

- AMPCO's primary concern is electricity affordability. AMPCO is in favour of maintaining existing programs such as ICI and NIERP, while creating new programs including a "Southern Industrial Electricity Rate Program" and a capital attraction program (billed as "ICI4").
- AMPCO is concerned about the removal of the social programs being used to offset electricity cap-and-trade costs in the first compliance period.
  - Their members are unhappy about the process over the past year, and about whether the commitment will keep them whole during the first compliance period.
- AMPCO has also expressed concerns about the reliability of electricity in Ontario – in particular, raising concerns about power quality (consistency of voltage, etc.)
- We have established a working group with AMPCO, MEDG, and Premier's Office to discuss their proposals on expanded/new industrial rate mitigation programs.

## **RECOMMENDED QUESTIONS/TALKING POINTS:**

- **The main focus of the Fair Hydro Plan was on reducing rates for residential customers. However, I understand the importance of making electricity rates as affordable and predictable as possible for industrial customers. This will be an issue we continue to explore in developing the Long-Term Energy Plan.**
- Government has already allocated significant tax revenues to the electricity system through the 8% rebate for eligible residential, small business and farms and the Northern Industrial Electricity Rate Program.
- While I understand you have concerns about the mechanism used to meet the budget commitment on cap and trade, we believe it will meet or exceed the commitment during the first compliance period.
  - Should the carbon price in the electricity sector end up being dramatically different than forecast, we will of course engage in discussions with AMPCO members on possible policy options.
  - I also encourage you to work with us and MOECC to begin exploring all options for the electricity sector post-2020.

### **On New Industrial Support Programs:**

- I will be clear that new, rate-based programs are not a possibility. At the same time, we will be maintaining the ICI and NIERP programs because we understand the important role they play for many industrial customers in Ontario.
- I appreciate hearing your ideas, and understand that you are working with staff from my office, Economic Development, and the Premier's Office to explore whether any of these programs might be possible through the fiscal plan.

### **On Reliability:**

- The Ministry and its agencies are taking steps to ensure continued reliability. As an example of that commitment, the IESO's *Enabling System Flexibility* stakeholder engagement is exploring ways to acquire about 1,000 MW of additional flexibility.
- With regard to reliability and power quality, I am interested to discuss any specific suggestions you might have for how power quality issues should be addressed and resolved.
- As you are aware, Ontario's transmission system is governed by a "beneficiary pay" principle. This approach protects ratepayers from paying for infrastructure which benefits only a few customers and will need to be considered with respect to investments related to enhancing power quality.

## **APPENDIX:**

### *Rate Mitigation:*

- Measures in place to mitigate industrial electricity prices include:
  - a. Industrial Conservation Initiative (ICI);
  - b. Northern Industrial Electricity Rate Program (NIERP);
  - c. Industrial Accelerator Program (IAP);
  - d. SaveONenergy for Business; and
  - e. Demand Response

### *Reliability:*

- AMPCO's LTEP submission notes that many of its members are now experiencing more reliability and power quality issues than a decade ago, with increasing damage to sensitive equipment, and cites the replacement of coal-fired generation as a possible cause warranting further investigation.
- AMPCO notes the distinction between reliability and adequacy (AMPCO is concerned with the former).
  - Adequacy has to do with the ability of the electricity system to supply electrical demand at all times.
  - Reliability means the ability to delivery electricity within reliability standards and in the amount desired and means.
- AMPCO recommends that reliability issues be investigated to reduce their current impact on industrial operations and to ensure that existing undesirable effects are not unintentionally amplified as a result of future LTEP changes.