Afternoon Energy Media Summary - May 8, 2017

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Date: Mon, 08 May 2017 15:02:47 -0400

Good Afternoon,

Here is a roundup of the day's news:

Chamber of Commerce Reports on Success- *Net News Ledger*

Windsor Chamber Leads Cap And Trade Fight- *The Square*

Commercial electricity customers mull decision- *The Remi Network*

Analyst: Governments not being honest about carbon pricing- *The Weather Network*

Wall criticizes attempt to link carbon policy with provincial transfer payments- *Canadian Press*

Please see below Today in Twitter for news articles.

May 8, 2017
Today in Twitter

- @iciontario - Dodgy door-to-door sales charges dropped against the Ontario Energy Group http://ici.radio-canada.ca/nouvelle/1032536/accusations-abandon-oeg-porte-a-porte-chauffage …

- @frankvoisin - Gridwatch, a energy dashboard that shows where Ontario's electricity comes from, when the grid is clean. **https://www.reddit.com/r/ontario/comments/69xxcq/ysk_about_gridwatch_a_energy_dashboard_that_shows/?st=J2GDQNM5&sh=c0dbfa7b**

- @EINConsumerNews - Consumer Protection Act charges against Ontario Energy Group dropped http://s.einnews.com/AOkzTegpKW

- @ChamberNewswire - Windsor Chamber of Commerce calls for end of Ontario cap and trade program - Produce Grower (press… http:// dlvr.it/P5NPDF #chambers

- @CdnClimateForum - California tables new cap-and-trade plan that challenges Ontario, Quebec - The Globe and Mail

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Chamber of Commerce Reports on Success

By: Staff Post
For: Net News Ledger
On: May 8, 2017

THUNDER BAY – Business – Representatives of the Thunder Bay Chamber of Commerce, Jim Stadley and Chamber President Charla Robinson have just returned from a successful meeting of the Ontario Chamber of Commerce in Sarnia.

The two-day conference included presentations by all three Provincial Party leaders, as well as discussion and debate on a broad range of provincial issues that are impacting businesses including competitiveness, infrastructure, skills, and taxation.

The most animated discussion revolved around Ontario's new Cap & Trade program, as delegates came together in support of a resolution, co-sponsored by the Thunder Bay, Windsor-Essex, Greater Kingston, Greater Kitchener Waterloo, Greater Sudbury, Sault Ste Marie, North Bay & District and Timmins Chambers of Commerce, to suspend Cap & Trade at this time, with appropriate cost mitigation to affected businesses. Should suspension not occur, the Chamber encourages the mitigation of risks of the Cap and Trade system on industry to ensure competitiveness.

The Thunder Bay Chamber also led the discussion and adoption of resolutions outlining the need for Employment Ontario eligibility to expand to include post-secondary students, and recommending significant changes to the Ontario Energy Board hearing process to improve accessibility.

"We are very pleased to have garnered Ontario Chamber support for issues that are of great importance to Thunder Bay business. We will continue to lead the way as we work with colleagues from across the Province to have our voice heard by Government," said Charla Robinson, Thunder Bay Chamber President.

The Annual Meeting also included an awards banquet at which Charla Robinson was presented the James Carnegie Memorial Award by the Chamber Executives of Ontario in recognition of exemplary efforts as a leader and mentor.

Windsor Chamber Leads Cap And Trade Fight

By: Robert Tuomi

For: The Square

On: May 8, 2017

(WINDSOR, ON) – Executives from the Windsor-Essex Regional Chamber of Commerce left the annual meeting of the Ontario Chamber this weekend in Sarnia with what is being called a major win. The Chamber won support from a number of other chambers for a resolution to have the Ontario government suspend its cap and trade program.

The Chamber has been calling for the deferral and suspension of a tax program known as cap and trade, which has imposed new taxes on local businesses, including smaller operators in the region's greenhouse industry.

The local Chamber is concerned about the tax regime's costly impact, not only on the greenhouses, but the region's agricultural food industries and businesses, in general. The new taxes are on top of what the Chamber says has been a nearly 400% increase in electricity prices for many companies.

Windsor and Essex County chamber members were able to have the resolution passed by locking up the support of fellow chambers in Kingston, Kitchener-Waterloo, Sudbury, Sault Ste Marie, Thunder Bay, North Bay, Newmarket, and Timmins.

Although optimistic of success in its dealings with the Ontario government, the chambers do have a back-up plan if they are ignored by the Liberals. They would like the province to at least consider mitigating the risk they say the cap and trade system is putting on industry, if only to ensure the competitiveness of Ontario's companies.

"Exporting jobs and investment to coal-using jurisdictions, such as Ohio, and getting coal pollution in return was not viewed as an effective policy," said WERCC chief executive Matt Marchand, after the meeting.

He was referring to greenhouse growers in the Leamington area who are relocating or expanding their operations out of Canada to jurisdictions with lower hydro rates and more competitive tax regimes. Marchand calls winning the support of the other Chambers a big win for his home region.

"We're very happy with the results," he said. "The WERCC thanks our co-sponsoring Chambers for coming together on what is the one of the top issues facing our business community across Ontario."

Commercial electricity customers mull decision

By: Barbra Carss

For: The Remi Network

On: May 8, 2017

The Ontario government's promised electricity cost adjustments have transformed a projected 3 per cent increase into a 17 per cent reduction for the average residential customer. New rates kicked in May 1, shaving 2.8 cents per kilowatt-hour (kWh) off the price that the Ontario Energy Board would have otherwise pegged for on-peak power consumed between 11 a.m. and 5 p.m., and 1.4 cents/kWh from the lowest priced, off-peak rate between 7 p.m. and 7 a.m.

Potential savings for commercial electricity customers are more difficult to quantify, but May 1 represents something of a watershed for them also. Many owners/managers of larger office buildings and shopping malls will soon have to make a first-time decision about joining the Industrial Conservation Initiative (ICI), while newly expanded eligibility for the program's perks may be even more punitive for smaller customers on the losing side of cost redistribution.

Previously, as the name suggests, industrial customers were the majority of participants since program rules essentially disqualified all but very large commercial facilities — typically at least 1 million square feet — and/or buildings that house data centres. Now, with the threshold for eligibility reduced to a monthly peak demand of 1 megawatt (MW), energy management specialists advise most office towers in the range of 350,000 square feet would meet ICI entry requirements.

"It presents a great opportunity," Bala Gnanam, director of sustainable building operations and strategic partnerships with the Building Owners and Managers Association (BOMA) of Greater Toronto, told attendees at a recent seminar to examine some of the possibilities. "We foresee that many of our members could end up saving hundreds of thousands of dollars, but, at the same time, there is confusion about it in the marketplace."

That perhaps parallels the confusion surrounding the Global Adjustment — the largely opaque bucket of costs that ICI participants can mitigate through curtailment of electricity consumption during periods of high demand. While Gnanam describes the Global Adjustment (GA) as "one of the most difficult costs to understand", its impact on electricity bills is easy to see. In the 10 years between 2006 to 2016, it soared from a province-wide monthly average of $54.5 million to more than $1 billion, equating to a 1,786 per cent increase.

Looking back to summer 2016

May 1 marks the beginning of a new benchmark year for the ICI program, although a few other key dates are also in play. This is a time for current and prospective new participants to look back at their electricity loads during the five identified hours between May 1, 2016 and April 30, 2017 when the highest province-wide demand was recorded. Local distribution companies (LDCs) will be required to supply this information no later than May 31 so that eligible customers can meet a June 15 deadline for opting in.

Those who choose to do so will be designated as Class A customers. As such, their monthly share of the GA from July 1, 2017 to June 30, 2018 will be calculated with a consistent mathematical factor, derived from their energy demand during the five peak hours in the 2016-17 period. Non-participants remain in the vaster ranks of Class B customers, paying the GA on a volumetric per-kWh basis.
Commercial electricity customers won't necessarily be making their inaugural decision from a position of strength. It's commonly acknowledged that it is easier to curtail power consumption in industrial operations, where production can be shut down with relative ease, than in office towers or shopping malls, where energy demand tends to rise in step with the peaks.

"Our analysis of dozens of properties suggests that commercial properties with mechanical cooling that operate during normal business hours will not benefit by opting in as Class A customers," reports Neal Bach, president of the energy data management and consulting firm, Energy Profiles Limited.

Moreover, when the 2016-17 peaks occurred — on July 13, August 10, 11 and 12 and September 7 — commercial customers in the 1 to 5 MW range weren't aware that they'd be deemed eligible for the program. By the time the Ontario government made the announcement on September 13, 2016, they'd missed the window for knowingly strategizing. Nevertheless, the generally disadvantageous allocation of costs to Class B should prompt all potential Class A customers to consider their options.

Cost redistribution

Customers who don't qualify for the program are the subsidizers of ICI beneficiaries.

After Class A customers' Global Adjustment is calculated each month, the remainder of the costs is simply apportioned to the Class B base. In 2016, this worked out to an average of 9.75 cents/kWh.

"Theoretically, if the majority of Class A customers don't have a good peak demand factor, Class A would actually pay more and Class B would get a break, but I don't think that's going to happen," observes Scott Rouse, managing partner of the consulting firm, Energy@Work.

Ultimately, energy efficiency is Class B's best and perhaps only defence. "The more electricity you use, the more Global Adjustment you will pay," Janet Young, a communications advisor with Ontario's Independent Electricity System Operator (IESO). reminded seminar attendees.

Buildings connected to Toronto's deep lake water cooling network could be particularly good candidates for Class A. "Deep lake water cooling decreases electricity over traditional cooling by 90 per cent. On peak days, there are no chillers running," Richard Palu, director of partnership development with the system operator, Enwave Energy Corporation, told the gathering.

Beyond this niche of potential winners, Rouse offered some past examples of large customers that have seen rewards or suffered losses based on their choices. Typically, facilities that have relatively consistent energy demand will achieve better results in Class A than buildings in which demand rises and falls throughout the day.

Because the peak demand factor used to calculate Class A costs lags real time by about a year — i.e. demand during the peak hours of summer 2016 determines Class A's share of the GA in 2017-18 — changes in occupancy could also influence outcomes. If an energy-intensive tenant like a data centre has moved in since September 2016, Class A status should translate into lower electricity costs than Class B. If there has been a significant and sustained loss of occupancy since September 2016, Class B could be more cost-effective.

"Some people don't consider what their future operations profile may look like," Young said. "In the end, this is a business decision. It's hard to say that this (Class A) would be good for all offices across Toronto."

Eligible customers are required to annually state their intention to participate by the prescribed date in June so it is possible to switch classes at that time. Ontario's Minister of Energy also has the discretion to allow a Class A customer to withdraw from the program, but that is likely to occur only in extraordinary circumstances such as an unforeseen calamity. The financial consequences of simply making the wrong decision will have to be borne for the full annual term.

Repercussions of residential relief still unclear

Currently, it's still unclear how the Ontario government's new hydro rate strategy will flow through to non-residential customers. Some previous components of GA costs — the Ontario Electricity Support Program and the Rural or Remote Rate Protection Program — will now be funded via general provincial revenues, which, the Ministry of Energy states will "provide savings" for all electricity ratepayers. Other cuts reflected in the new

residential/small business rates may not be shared so universally.
In an April 10 letter to the Ontario Energy Board , Energy Minister Glenn Thibeault gave instructions for approximately $2.5 billion in GA relief for the period of May 1, 2017 to April 30, 2018 “to benefit all Ontario customers that are eligible for the RPP (regulated price plan), including those that have opted out of the RPP in favour of market-based pricing or a retail contract as well as non-RPP eligible customers that are eligible for the 8 per cent rebate (of the provincial portion of the HST).”
That would encompass residential, multi-residential, small business and farm accounts, but would not include commercial customers that use more than 250,000 kWh annually. Thus, the Class B Global Adjustment allocation for May is expected to be revelatory.

“Is the GA relief going to apply to all consumers, or will it all be allocated to the RPP?” Bach muses. “Or will the RPP decrease be added back into the GA, thereby increasing costs for commercial customers?”

Analyst: Governments not being honest about carbon pricing

By: Daniel Martins

For: The Weather Network

On: May 8, 2017

Wednesday, May 3, 2017, 3:48 PM - With Ontarians likely to pay $100 more for gas every year due to carbon pricing, with an even bigger rise in diesel, one petroleum analyst is warning that governments aren't being upfront about long-term costs.

Putting a price on carbon, whether via a cap-and-trade system or a carbon tax, is one method adopted by Canadian provinces to try and curb emissions as part of the fight against climate change.

British Columbia was the first province in Canada to do so in 2008, with a carbon tax touted by the government as revenue neutral, while Ontario joined the effort on January 1 of this year, with a cap-and-trade system.

However, with gas prices up in the first few weeks of the year, and likely to rise higher as the summer gets going, Dan McTeague of GasBuddy.com is warning that governments aren’t being honest enough with residents about the real economic cost.

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"We talk about the green strategy for the next generation while impoverishing the current generation," McTeague told The Weather Network in an interview. "It’s for that reason I think politicians and regulators certainly have not done a good job at ensuring the current generation isn't unduly impacted in favour of another generation that has yet to make its presence known."

McTeague: Governments not being honest

Ontario’s cap and trade system works by capping the amount of allowable emissions, forcing emitters that exceed that limit to buy credits from emitters that are under. In the long run, this system is intended to force industries to reduce emissions to come in under the cap.

This year’s first quarterly auction of such allowances netted the Ontario government some $472 million in revenues, and the province says it hopes revenues will rise to $1.9 billion annually, which it says will mostly be invested in emissions reduction programs and climate change adaptation programs for consumers.

In the short-to-medium term, industries that exceed the cap and are forced to buy emissions allowances will likely pass the additional cost to consumers, particularly fuel costs. According to McTeague’s calculations, Ontarians are likely to fork out an extra $100 per year at the pumps due to carbon pricing.

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But while that might sound affordable, McTeague says it’s diesel, which will see a rise of some 5.5 cents per litre, that’ll be the real economic hit.

"If you’re a large truck transport company, if your company receives goods shipped by air ... or if you have home heating oil, you still use furnace oil, all of those things are up far more than gasoline, and that of course is more impactful on the economy as whole than gasoline is,” McTeague says.

McTeague says to watch for the spike in costs during summer time, when fuel is given additives to make it less volatile, increasing costs.

"The days, really, of Ontario as an average below a dollar a litre may very well be behind us, unless crude collapses," McTeague says.

B.C. carbon tax model has problems: McTeague

Unlike Ontario’s carbon pricing regime, B.C.’s carbon tax, announced in 2008, is ostensibly revenue neutral, meaning the government uses the revenues to lower other taxes, like income and corporate, theoretically offsetting the rise in prices brought on by higher fuel costs.

McTeague says emissions in B.C. have been reduced somewhat, but one unforeseen effect is as many as one in six drivers nipping south of the border to fill up on cheaper U.S. gasoline, saving as much as $20 per fillup. In fact, McTeague says B.C. fuel prices are contenders for the highest in North America.

And though the economy has continued to grow at a healthy pace, McTeague says that hides the negative effects it has had on the structure of the economy.

"They’ve also lost a lot of industry, industry in mining, industry in forestry, there’s no more cement manufacturing," he says, adding fuel prices already above the North American average harm competitiveness in other areas.

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Lack of clarity hobbles politicians

McTeague, a former Member of Parliament, says present governments are doing a poor job of explaining the costs and drawbacks of carbon pricing and other green initiatives.

But making things even harder is the fact that, when it comes to data on fuel price and fuel use, Canadians don’t know what they have, or don’t have. McTeague says there’s generally very little supply and demand data available from refineries and other producers, compared to the U.S., where every refinery has to make that information public.

"There’s no question of saying 'this is proprietary information.' They do it by pain of law, and they’ve been doing it for 50 years. We should be doing it here in Canada as well," McTeague says.

That lack of data makes it even harder for policymakers to understand the real impact of carbon pricing regimes, and other green initiatives, on consumers who would otherwise support these policies. McTeague says the inevitable failures that arise then further undermine the credibility of people pushing a green agenda.

"Without the data, and without information and proper statistics and understanding the market in which we are making those changes, the good Yogi Berra’s comments ring true: 'If you don’t know where you’re going, chances are you’re going to wind up somewhere's else.'"

[Wall criticizes attempt to link carbon policy with provincial transfer payments]

By: Staff Post
For: Canadian Press
On: May 8, 2017

REGINA – Saskatchewan Premier Brad Wall says any attempt by Ottawa to link the money it transfers to a province with that province's carbon tax policy would be a serious attack on federal-provincial relations.

Wall says in a letter to Prime Minister Justin Trudeau that such action violates the principles of fiscal federalism and calls the threat unacceptable.

Trudeau has said all provinces must set up a cap-and-trade system or impose a price on carbon of at least $10 per tonne starting next year — increasing to $50 by 2022 — or Ottawa will do it for them.

Saskatchewan opposes a carbon tax.

The premier says memos obtained by an online publication show the federal government intends to tie a province's stance on carbon tax to equalization renegotiations scheduled for 2019.

Equalization is a program that transfers money from richer to poorer provinces so that they can offer government services at levels similar to elsewhere.