Incoming Email from Magnolia

Dear Minister Thibeault

Thank you for responding to our invitation recognizing The Grange, managed by Crossbridge Condominium Services as the 1st Multi-Res building to meet the city of Toronto's new "Sustained Occupancy" Guideline for multi-residential buildings. The Grange's *Combined Heat & emergency Power (CHeP)* provides energy resiliency and safety to the residents for zero upfront capital, in return for a 20 year PPA at the prevailing market rates to make it cost neutral. As a result of the Fair Hydro Plan however, we have been notified by the OEB as per the note below that The Grange will not qualify for the 8% rebate, thus penalizing the board for an earlier decision.

In this regard, Toronto Community Housing (TCH) will also get penalized. TCH was mandated to change their end-of-life diesel backup power systems with larger capacity natural gas in response to the 2013 ice storm and frequent power outages. The objective was to have backup power for both "*emergency-life safety"* and *"Sustained Occupancy"*. TCH signed an agreement with Magnolia Generation to design, build, own, operate and maintain *CHeP* Systems into their buildings as a way to save over $1,000,000+ per building, with cumulative savings of $150,000,000 across their buildings.

We are asking for your help to find a solution for our customers because our behind-the-meter CHeP Systems are a capital-free means to provide backup power for both "*emergency-life safety"* and *"Sustained Occupancy"* with a clean energy solution that has a net GHG reduction of 4.5 tons annually. Please direct us how we can rectify this oversight.

James Kennedy
Magnolia Generation
Www.magnoliagenerationinc.ca
Jkennedy@magnoliaenergy.ca
Cell. 647-267-1871
1-844-500-MAGNOLIA

Suggested Response to Magnolia (Email Response sent by ENERGY ADM)

Dear Mr. Kennedy,

Thank you for your email to Minister Thibeault regarding behind the meter Combined Heat and Power (CHP) systems at The Grange condo and at Toronto Community Housing (TCH) locations. I am pleased to respond on his behalf.

I would like to congratulate you on your collaborative efforts with Crossbridge Condominium Services (Crossbridge) in making The Grange the first building to comply with the City of Toronto's Minimum back-up Power Guideline for multi-residential buildings.

As a result of power purchase agreements with Magnolia Generation, I understand The Grange and multiple TCH locations are benefitting from new CHP based back up generation systems with all capital and maintenance costs being covered by Magnolia Generation. I also understand that some of the CHP systems are receiving financial incentives through the Independent Electricity System Operator's Conservation First Framework.

In your email you expressed concerns that the Grange and relevant TCH multi-unit residential buildings do not qualify for the rebate through the Ontario Rebate for Electricity Consumers (OREC) Program. The OREC Program, which commenced on January 1, 2017, provides eligible families and businesses a rebate which is equal to eight per cent of the base invoice amount for each billing period as defined in Ontario Regulation O.Reg 363/16. Assuming the relevant multi-residential buildings meet the eligibility requirements outlined in the Ontario Rebate for Electricity Consumers Act (Act), 2016, they will continue to receive a rebate from their local distribution company for the grid electricity consumed. Under the Act, consumers are only able to receive a rebate for electricity consumed from the grid and hence the electricity from on-site CHP systems would not qualify for the rebate.

I would like to note that for eligible consumers, consumption from the grid will continue to benefit from the full impact of Ontario's Fair Hydro Plan, which includes OREC, Global Adjustment (GA) refinancing and the shifting of costs for certain electricity support programs to the tax base. Additionally, if the rate paid for consumption from the CHP systems is tied to the rates of the local utility, it should include the benefit of the GA refinancing and shifting of social program costs to the tax-base.

Commented [CD(1]: Optional language – it is really more of a message for the consumers as opposed to Magnolia.

To resolve any concerns regarding contractual payments to Magnolia Generation, I encourage you to work directly with Crossbridge and TCH to consider options within the power purchase agreements.

Sincerely,

Kaili Sermat-Harding
Assistant Deputy Minister

Conservation and Renewable Energy Division
Ministry of Energy