

BRIEFING NOTE – INDUSTRIAL CONSERVATION INITIATIVE (ICI) UPDATE ON PARTICIPATION FOR 2017-2018 ADJUSTMENT PERIOD

ISSUE:

Two recent expansions of the Industrial Conservation Initiative (ICI), from January to April of 2017, have increased participation in the program.

KEY INFORMATION:

- To identify 2017-2018 participation in ICI, the Independent Electricity System Operator (IESO) asks each local distribution company (LDC) for a complete list of Class A consumers for the adjustment period beginning July 1, 2017.
 - The Ministry of Energy consolidated the information provided by IESO to reflect the current level of participation in the program.
- For the 2016-2017 adjustment period, there were about 300 companies participating in ICI. In 2017-2018, there are about 1,100 companies participating (see attached list of participants). Note: The “number of companies” participating in ICI is typically used in the Ministry’s public communication materials (e.g., correspondence, speeches, Q&As, etc).
 - The Ministry will continue to revise the participation figures every Fall as data is provided by IESO.
- The Ministry continues to monitor the cost impact of ICI on non-participants.

BACKGROUND:

Participation Rates – 2016-2017 Period vs. 2017-2018 Period

- The table below shows the total number of participating facilities and estimated number of companies’ pre and post-expansion.

	2016	2017	<i>Increase</i>	<i>% Increase</i>
Total Facilities	360	1600	<i>1240</i>	<i>344%</i>
Estimated Companies	300	1100	<i>800</i>	<i>267%</i>

Note: Companies were determined based on facility name. Multiple facilities with the same name or which were indicated to be divisions of another company were counted as one entry under the company listing.

Industrial Conservation Initiative (ICI)

- The ICI program began in 2011 and was initially restricted to consumers with peak demand greater than 5 MW. Under ICI, participants are charged Global Adjustment (GA) based on their share of Ontario demand during the 5 peak electricity demand hours of the year. All other consumers pay GA volumetrically based on total consumption.
- In 2016, participation in the ICI program was expanded to include consumers with peak demand between 3 and 5 MW that belonged to the following sectors; manufacturing, mining, data processing, refrigerated warehousing and greenhouses.
- In 2017, ICI eligibility was expanded twice to smaller energy consumers.
 - Effective January 1st, amendments to O.Reg. 429/04 lowered the eligibility threshold for participants from 3 MW to 1 MW and removed sector restrictions.
 - Subsequently, on April 17, 2017, as part of Ontario's Fair Hydro Plan, ICI program eligibility was extended to manufacturers and greenhouses with peak demand greater than 500 kW and less than 1 MW.

Methodology to Identify ICI Participation

- In May 2017, consumers that had gained eligibility into the expanded ICI were sent a program opt-in form by their LDC.
- In reporting for the 2017-2018 adjustment period, IESO asked each LDC to compile a list of its Class A electricity consumers.
- The Ministry consolidated the information provided by LDCs to IESO. The IESO also provided information on the transmission-connected Class A participants it settles.
- The information fulfills the regulatory requirements as per O. Reg. 429/04. Any details beyond participant totals would be kept confidential and used by the Ministry to inform future changes to the program.

Outreach Activities to Increase Uptake in the Program

- Following the expansions, outreach was conducted through several avenues, including:
 - Independent Electricity System Operator (IESO) outreach to Local Distribution Companies;
 - Ontario's Fair Hydro Plan Local Distribution Company (LDC) working group;
 - ENERGY representative presentations to stakeholder groups (e.g., Honda Supplier Day);
 - LDC outreach to eligible consumers as required under regulation; and
 - Ontario Chamber of Commerce (OCC) education campaign.
- Newly eligible ICI participants that opted in to the program began being billed as Class A (i.e., program participants) consumers for their July 2017 consumption.

Impacts / Benefits of ICI Program

- Participants in ICI have historically achieved average electricity bill reductions of one third.
- In 2016, the ICI program is estimated to have reduced peak demand by 1,300 MW.
- The Ministry continues to monitor the cost impact of ICI on non-participants.

Energy Supply Policy Division

Prepared: November 2017