

Ministry of Energy

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MC-2017-667

Mr. Keith Currie
President
Ontario Federation of Agriculture
206–100 Stone Road West
Guelph ON N1G 5L3

Dear Mr. Currie:

Thank you for your letter regarding the proposed regulatory amendments related to expanding the Industrial Conservation Initiative (ICI) and electricity rate relief.

The government recognizes the importance of the agricultural sector to the province and is committed to helping businesses of all sizes, including farms, manage their electricity costs.

While there are no plans to further expand eligibility for ICI to smaller farms or the Rural or Remote Rate Protection (RRRP) program to larger farms, I would like to draw your attention to a number of initiatives under Ontario's Fair Hydro Plan (OFHP) that would benefit some or all of your members, including:

- The rebate equal to the provincial portion of the Harmonized Sales Tax (HST) and refinancing the Global Adjustment (GA). Both initiatives apply to most farms¹.
- Shifting the funding of the RRRP program and the Ontario Electricity Support Program to provincial revenues, resulting in a savings of about \$3 per megawatt-hour on electricity bills for all consumers.
- The expansion of RRRP funding to residential farms that are classified as Hydro One R1 and R2 customers.
- The expansion of the ICI program to 500 kilowatts, which would apply to food processors and greenhouses. This is in addition to our recent expansion to 1 megawatt for all consumers. ICI participants can save up to one-third on their electricity bills.

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¹ Applies to farms that are a "farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act* and holds a valid registration number assigned under that Act..."¹ Some smaller family farms without a registration number also qualify if 1) their account relates to a dwelling, 2) their annual consumption is below 250,000 kWh per year or 3) their demand is 50 kW or less.

Regarding these initiatives, the potential for “stacking” of benefits, particularly GA refinancing and the ICI program, is still being addressed as we move forward with drafting of the legislation and regulations to implement the OFHP.

The above initiatives will provide meaningful rate relief to your membership in the near term. The OFHP also includes working with the province’s agencies to identify opportunities to drive efficiency and productivity improvements over the long term.

The Ontario Energy Board will identify opportunities for cost efficiencies by:

- Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small- to medium-sized utilities.
- Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that local distribution companies indicate are creating pressures on operating expenses.
- Looking at opportunities to further drive transmitter and local distribution company efficiencies and productivity improvements, including the use of innovative technologies and business processes.

The Independent Electricity System Operator (IESO) and its stakeholders have begun a market renewal project to enhance the efficiency and performance of the wholesale electricity market. Changes related to the IESO’s market renewal initiatives are estimated to save at least \$200 million per year, starting in 2021.

If you have any further questions about eligibility for the various initiatives under the OFHP, I would encourage you to get in touch with Tim Christie, Director of Electricity Policy, Economics and System Planning at tim.christie@ontario.ca or 416-325-6708.

Thank you again for writing and please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister