

MEETING NOTE

NAME OF ORGANIZATION: Stonemill Bakehouse

DATE/TIME OF MEETING: TBD

LOCATION OF MEETING: TBD

PURPOSE: Meeting to discuss Ontario's electricity prices.

ATTENDEES: **Cabinet Office**
Steve Orsini, Secretary of the Cabinet

Stonemill Bakehouse
Gorrfried Boehringer, President of the Stonemill Bakehouse

ANTICIPATED AGENDA ITEMS:

1. Electricity Prices for small businesses

NOTES ON AGENDA ITEMS:

1. Electricity Prices

- Stonemill Bakehouse is likely to raise concerns about rising costs of electricity.

Suggested Response:

- We recognize the importance of electricity prices for businesses in Ontario. Maintaining competitiveness with respect to energy costs is a top government priority.
- Last week we announced Ontario's Fair Hydro Plan, which proposes new measures to lower electricity bills by 25 per cent for residential customers, as well as initiatives to reduce costs for small businesses and manufacturers.
- Small businesses, if eligible for the Ontario Energy Board's (OEB) Regulated Price Plan (RPP), would benefit from most of the changes announced in Ontario's Affordable Hydro Plan. In order to be RPP-eligible, a consumer's annual consumption must be below 250,000 kWh/year or peak demand below 50 kW.
- Under the Fair Hydro Plan, we are also proposing to expand the Industrial Conservation Initiative (ICI) to include smaller manufacturers, including

food manufacturers, with average peak demand greater than 500 kW and less than 1 MW.

- **In addition to ICI, there are additional existing initiatives available to business consumers to help them manage their electricity costs:**
 - **Industrial Accelerator Program (IAP); and**
 - **Demand Response initiatives; and**
- **We intend to remove the Debt Retirement Charge (DRC) for commercial, industrial and other non-residential electricity users on April 1, 2018, nine months earlier than previously planned.**
- **The government has also taken significant steps to make Ontario's business tax system more competitive and create the conditions for long-term economic growth.**
- **Due to the investment related to the elimination of coal from our supply mix and the modernization of our transmission system, the electricity sector is well placed to contribute to Ontario's transition to a low-carbon economy.**

Background:

Industrial Conservation Initiative (ICI)

- Consumers participating in ICI are charged Global Adjustment on the basis of their share of the total system demand during the highest five peak hours of the year. This provides savings to participating consumers and reduces peak demand, deferring the need to build new generation.
- Ontario's Fair Hydro Plan proposes to expand the ICI to include smaller manufacturers (i.e., NAICS codes commencing "31", "32" and "33") with average peak demand greater than 500 kW and less than 1 MW. Final details on timelines will be available once the regulation is developed and approved.
- If Stonewall/Canada Bread meets the demand threshold of 500 kW and falls under NAICS code 31, which includes retail and commercial bakeries, it could achieve significant costs savings as an ICI program participant by lowering its electricity consumption during peak demand hours. **Note:** The expansion of the ICI program to 500 kW for NAICS codes 31-33 is pending regulatory amendment/approval.

Industrial Accelerator Program (IAP)

- The IAP assists eligible transmission-connected companies to fast track capital investment in major energy conservation projects. The program provides financial incentives to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption on the provincial system and to help

companies become more competitive by positively impacting their bottom line.

Demand Response

- Annual auctions are held by IESO to provide availability and utilization payments to successful participants that commit to reducing their consumption when called upon to do so.

Ontario's Fair Hydro Plan

- On March, 2, 2017, the government announced Ontario's Fair Hydro Plan which includes shifting the cost of the Rural or Remote Rate Protection Program (RRRP) and Ontario Electricity Support Program (OESP) from the rate-base to the tax-base.
- Under Ontario's Fair Hydro Plan:
 - All electricity consumers would receive a benefit from the funding of support programs through provincial revenues.
 - Electricity consumers eligible for the Regulated Price Plan (RPP) would be eligible for GA refinancing.
 - Small manufacturers would become eligible to participate in the Industrial Conservation Initiative.
 - Sector efficiency would be improved and Ontario's electricity market would be modernized, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

Background on Stonemill Bakehouse:

- On March 6, 2017, Canada Bread Company, Limited, a subsidiary of Grupo Bimbo S.A.B. de C.V., announced that it had completed the acquisition of the total shares of Stonemill Bakehouse Limited located in Toronto, Ontario.
- Stonemill Bakehouse Limited is a leading producer of slow fermented craft breads baked in stone ovens using 100 per cent natural, non-GMO certified and organic ingredients.
- The company employs approximately 100 associates and operates one production facility in Scarborough and a store in St. Lawrence Market in Toronto.