

RE: Fair Hydro Plan & Power Resiliency & Safety in MURBs

From: "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>
To: "Afzal, Sasha (ENERGY)" <sasha.afzal@ontario.ca>
Cc: "Armstrong, Hillary (ENERGY)" <hillary.armstrong@ontario.ca>, "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>
Date: Mon, 26 Feb 2018 15:59:05 -0500

Thanks for the response, Sasha.

David

From: Afzal, Sasha (ENERGY)
Sent: February 26, 2018 3:44 PM
To: Campbell, David (ENERGY)
Cc: Armstrong, Hillary (ENERGY); Whittington, Matt (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: RE: Fair Hydro Plan & Power Resiliency & Safety in MURBs

Hi David,

In response to your question below, please see staff response:

After discussions with CRED, ESP, and LSB, we can report that the most likely scenario is that legislative amendment to ORECA would be required to provide CHP generation with the 8% rebate. While LSB cannot rule out a regulatory solution at this time, it would require more intensive legal analysis to see if there is a viable path through regulation.

We also want to stress the program administration implications for the Ministry – as CHP providers do not reconcile accounts with the IESO, the Ministry would have to issue rebates to them directly. While we've done something similar in the past for Independent Power Authorities, taking on the payment verification, processing, and audit functions for all CHP providers in the province would have significant resource impacts for the Ministry.

Providing a rebate to mitigate the effects of government policy on an existing private contract may set a precedent for similar interventions on other government or agency initiatives – for example, a reduced net benefit from a net metering project due to lower than expected retail rates over the project lifetime.

Let me know if you have any further questions.

Thanks,
Sasha

From: Campbell, David (ENERGY)
Sent: January-26-18 4:07 PM
To: Afzal, Sasha (ENERGY)
Cc: Armstrong, Hillary (ENERGY); Berry, James (ENERGY); Riggs, Matt (ENERGY); Whittington, Matt (ENERGY)
Subject: RE: Fair Hydro Plan & Power Resiliency & Safety in MURBs

Hi Monika,

Thank you for this note and draft correspondence – this is very helpful.

Before we proceed, do staff have any advice on what process we would need to undertake if we were to deliver the OREC to those in The Grange (and, in the future, those in TCH, or other housing units utilizing CHP)? I understand this may be complicated, and a deep dive isn't necessary at this point. But MO would like to have an idea of what these options might look like.

Thanks,
David

From: Afzal, Sasha (ENERGY)
Sent: January 24, 2018 4:57 PM
To: Campbell, David (ENERGY)
Cc: Armstrong, Hillary (ENERGY); Berry, James (ENERGY); Riggs, Matt (ENERGY); Whittington, Matt (ENERGY)
Subject: FW: Fair Hydro Plan & Power Resiliency & Safety in MURBs

Hi David,

Attached please find a note with background pertaining to Magnolia's issue as stated in its correspondence to the Minister and our suggested response. Let us know if you have any questions.

Thanks,

Monika
Acting for Sasha

From: Campbell, David (ENERGY)
Sent: January-09-18 1:05 PM
To: Afzal, Sasha (ENERGY); Armstrong, Hillary (ENERGY)
Cc: Berry, James (ENERGY); Riggs, Matt (ENERGY); Whittington, Matt (ENERGY)
Subject: RE: Fair Hydro Plan & Power Resiliency & Safety in MURBs

Hi Sasha,

Not sure who in the DMO would be best lead on this (involves CHP, but may be more of a FHP thing...), but wondering if we could get some support from staff for this correspondence that came in to the Minister yesterday.

I'm hoping we could get a brief note with some background on the issue (potential challenges with the Fair Hydro Plan for those with behind-the-meter generation), and some proposed paths forward – either policy options, or (I suspect) options for correspondence.

Thanks for your help,
David

From: Teliszewsky, Andrew (ENERGY)
Sent: January 8, 2018 12:14 PM
To: Campbell, David (ENERGY); Riggs, Matt (ENERGY); Berry, James (ENERGY)
Subject: FW: Fair Hydro Plan & Power Resiliency & Safety in MURBs

From: James Kennedy [<mailto:jkennedy@magnoliaenergy.ca>]
Sent: January-08-18 11:13 AM
To: Thibeault, Glenn (ENERGY); Teliszewsky, Andrew (ENERGY); Isla, Xochitl (ENERGY); Whittington, Matt (ENERGY)
Subject: Fair Hydro Plan & Power Resiliency & Safety in MURBs

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

From: Industry Relations [mailto:IndustryRelations@oeb.ca]
Sent: January 3, 2018 10:57 AM
To: James Kennedy
Subject: OEB FILE No. IRE-2017-1194 - OREC (8% Rebate) - All - RESPONSE

Dear James Kennedy,

This is our response to the enquiry you submitted to Industry Relations.

This is in response to your further e-mail of Friday Dec. 29th. In this e-mail you expressed concern over the fact that your clients may be penalized by the way the 8% OREC rebate is applied.

The way the OREC rebate is applied is dictated by legislation. OEB staff can only apply the law as it is written. The IESO and THESL simply follow the OEB's guidance.

As mentioned in our previous e-mail, the OREC rebate does not apply to behind-the-meter generation. It is possible that customers who use behind-the-meter generation, already pay costs that are less than what they would pay if they bought electricity from the regulated grid/local distributor and receive the 8% rebate. If not, they are free to purchase all their electricity supply from the grid.

The OREC legislation was written and developed by the Ministry of Energy. Any concerns you have about the type of electricity supply that qualifies for the rebate, should be brought

to the Ministry's attention.

Thank you for your enquiry. I hope you find this information helpful.

Regards,
Industry Relations

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