

April 6, 2017

Mr. Eamon O'Riordan
Senior Policy Advisor
Electricity Policy and Economics
Economics and System Planning Branch
Energy Supply Policy Division
Ontario Ministry of Energy
7th Floor, 77 Grenville Street
Toronto, Ontario
M7A 2C1

Sent via email to: Eamon.O'Riordan@ontario.ca

Re: Ontario Regulatory Registry proposal 17-ENE002
Expansion of the Industrial Conservation Initiative (ICI)

Dear Mr. O'Riordan,

Nature Fresh Farms has 130 acres of modern greenhouses, in Leamington Ontario, growing tomatoes, peppers, and cucumbers, including our state-of-the-art research, testing and growing facility, called the Discovery Centre. Nature Fresh Farms employs more than 250 people and has plans for another expansion in the near future.

As a major Ontario greenhouse operator, we face many cost and regulatory pressures, including energy costs. We are a significant user of natural gas and will eventually bear the full force of Cap and Trade. As we expand, so does our electricity consumption. Our electricity distributor Hydro One, has very high delivery rates, and in combination with the surging Global Adjustment charge for Class B consumers, we are at a significant, and expanding, energy cost disadvantage to greenhouse growers in other jurisdictions.

Over the last few years, we have noted the evolution of the Global Adjustment Class A eligibility, as follows:

- Originally, it included all electricity consumers with average monthly peak demands over 5 MW, i.e. there were no sector restrictions.
- Effective July 1, 2015, it included electricity consumers with average monthly peak demands between 3 and 5 MW, with eligibility restricted to businesses in manufacturing, mining, refrigerated warehousing, greenhouses and data processing.
- Effective July 1, 2017, it will include all electricity consumers with average peak demands over 1 MW, without any sector restrictions.
- Effective July 1, 2017, it is planned that it will now also include electricity consumers with average peak demands between 500 kW and 1 MW, but with eligibility restricted to manufacturers only.

Clearly, the eligibility criteria for the incremental lowering of the threshold for the GA Class A have been inconsistent. When we saw last year that the threshold was coming down to 1 MW and would have no sector restrictions, we were disappointed at the time that we didn't qualify, but felt confident that should the threshold come down further, there'd continue to be no sector restrictions and we would then qualify.

When we first heard the threshold was coming down further to 500 kW, we were happy, as we fully expected there'd be no sector restrictions. This was reinforced when we saw the government's "MPP One Pager - Fair Hydro Plan" document and its reference to the Expanded ICI Program benefitting "Class B Energy Intensive Consumers (manufacturing, mining, greenhouses etc.)".

Later, we were then very surprised, confused and disappointed, to see sector restrictions attached to the new 500 kW to 1 MW cohort. Restrictions for this cohort are inconsistent with no restrictions over 1 MW, and would prevent many who would otherwise be eligible from potentially benefitting from an electricity cost reduction, that would help mitigate a myriad of other cost pressures.

We were counting on being eligible for the GA Class A and this leaves us now in the mid-range of Ontario consumers getting no relief at all from high electricity costs. Removing sector restrictions for the new 500 kW to 1 MW cohort makes sense to us from the standpoints of fairness and competitiveness. It would make us eligible for the ICI / GA Class A, make us immediately more competitive and help to ensure the viability of our Ontario operations and the likelihood we will expand here versus elsewhere. It would also allow us to assist in lowering system peaks and total system costs by deferring the need to build new peaking generation.

We look forward to seeing these restrictions removed and are available to discuss this further with you at any time. I can be contacted as noted below.

Sincerely,



Peter Quiring
President & CEO
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519-796-1051

cc:

Hon. Glenn Thibeault, Ministry of Energy
Hon. Glen R. Murray, Ministry of Environment and Climate Change
Hon. Jeff Leal, Ministry of Agriculture, Food and Rural Affairs
Serge Imbrogno, Ministry of Energy
Steen Hume, Ministry of Energy
Tim Christie, Ministry of Energy
Daniel Cayley, Ministry of Energy
Justine Taylor, Ontario Greenhouse Vegetable Growers
Alison Robertson, Ontario Fruit and Vegetable Growers' Association