

## Ontario Energy Association - Long-Term Energy Plan Panel Discussion

Date: September 22, 2016

Key Messages/Questions and Answers

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### KEY MESSAGES

- As Ontario begins consulting on its next Long-Term Energy Plan (LTEP), it's a good time to take stock of the province's energy system.
- This LTEP will take a big picture approach to all the different types of energy we need to keep Ontario operating, including electricity, natural gas, and heating and transportation fuel.
- Developing the LTEP is a highly collaborative process. The Ministry works closely with its agencies and stakeholders during LTEP consultations and development.
- LTEP consultations are expected to take place in the fall.
- The consultations will be supported by an electricity technical report by the IESO and a fuels sector technical report being prepared by an expert third party. These documents will both be released prior to consultations.
- On June 10, 2016 the Minister of Energy requested the IESO complete the electricity technical report by September 1, 2016. The report – the *Ontario Planning Outlook* was released on September 1, and is available on the IESO's website. The fuels sector technical report is expected to be completed in the fall prior to consultations.
- Building off of the 2013 LTEP process, Indigenous engagement will be an important part of the 2016 LTEP.
- The Ministry of Energy will hold Indigenous engagement sessions as well as offer a formal process to submit feedback through the Environmental Registry.
- As Ontario begins planning for the next Long-Term Energy Plan (LTEP), it's a good time to take stock of the province's energy system.
- As confirmed by the Independent Electricity System Operator in the Ontario Planning Outlook (OPO), Ontario has a strong supply of reliable power for the foreseeable future and there is no need to procure a large amount of additional power at this time.
- The Independent Electricity System Operator (IESO) has provided assurance that Ontario is well-positioned to meet provincial needs until the mid-2020s, even while nuclear plants are under refurbishment.
- The government has therefore determined that it will suspend the second Large Renewable Procurement and the Energy From Waste Standard Offer Program. This decision is expected to save up to \$3.8 billion in electricity system costs

relative to Ontario's 2013 Long-Term Energy Plan (LTEP) forecast. This would save the typical residential electricity consumer an average of approximately \$2.45 per month on their electricity bill.

- In future years, if there is a need to procure more electricity supply, there will be time and options to meet the need.
- We're starting this journey from a position of great strength. We have clean electricity, strong energy infrastructure, a diverse supply of energy, a growing culture of conservation, and a great culture of innovation.

## QUESTIONS AND ANSWERS

### Long-Term Energy Plan

#### **Q. What is the Ministry doing to consult stakeholders, agencies, and the public in preparation for the next Long-Term Energy Plan (LTEP)?**

The Ministry of Energy is beginning to develop its next Long-Term Energy Plan (LTEP) according to the process outlined in *the Energy Statute Law Amendment Act*, which came into force on July 1, 2016.

Developing the LTEP is a highly collaborative process. The Ministry works closely with its agencies and stakeholders during consultations and development.

Consultations and engagement sessions are expected to take place in the fall.

The consultations will be supported by an electricity technical report, released by the IESO on Sept 1, 2016, and a fuels sector technical report being prepared by an expert third party. These documents will both be released prior to consultations.

The ministry will also hold Indigenous engagement sessions, inviting Indigenous perspectives and feedback on provincial energy planning.

In addition to the in-person consultation and engagement sessions, the Ministry will host regional telephone town halls, and provide opportunities for people to have their say online by participating in an online survey and following along via the Ministry's twitter account. Information will also be posted to the Environmental Registry, where the public and stakeholders can make formal submissions.

Feedback received from consultations will be considered by the Minister in developing the LTEP.

#### **Q. How will the 2017 LTEP process differ from the process for the 2013 LTEP?**

The province's long-term energy planning process has now been established in the *Energy Statute Law Amendment Act*. The Act enshrines in legislation a long-term energy planning framework that builds on the robust process used to develop Ontario's 2013 LTEP.

Prior to the start of consultations, two technical reports will be released, which will allow the Ministry and stakeholders to start consultations from a common point of understanding. The first technical report is the Ontario Planning Outlook (OPO), which was published by the IESO on September 1, 2016. The OPO is a technical report that includes a ten-year review and a twenty year outlook for electricity demand, supply, system costs, conservation and emissions in Ontario.

The second technical report is a Fuels Technical Report, which is being developed by an expert third party that will include existing fuels demand and supply data, multiple demand outlooks to 2035 and description of the Ontario sector infrastructure and fuels.

The 2013 LTEP process was the most comprehensive consultation process the Ministry of Energy had ever undertaken. For LTEP 2017, we plan to increase the number of LTEP engagement sessions, and enhance the level of engagement with stakeholders, indigenous groups, municipalities and the public.

The 2017 LTEP will consider other government commitments, including the Climate Change Action Plan and the *Climate Change Mitigation and Low-Carbon Economy Act, 2016*. In light of the province's emission reduction goals, the new LTEP will have to take a broader view of the province's energy needs and consider how the uses of electricity and fossil fuels influence each other. The 2017 LTEP will therefore take a more integrated approach to considering the electricity and fuel sectors compared to previous LTEPs.

Following release of the LTEP, the Minister will issue implementation directives, approved by Cabinet, to the IESO and OEB. Both agencies will be required to submit implementation plans outlining the programs, policies and procurements they intend to take to meet the goals of the 2017 LTEP. These plans will be reviewed and approved by the Minister.

**Q. What is the *Energy Statute Law Amendment Act* and how does it relate to the LTEP process?**

The *Energy Statute Law Amendment Act* establishes a long-term energy planning process that is transparent, efficient and able to respond to changing policy and system needs.

The legislation helps ensure that energy planning takes a transparent and pragmatic approach, and that future Long-Term Energy Plans (LTEPs) are developed consistent with the following principles:

1. Cost-effectiveness;
2. Reliability;
3. Clean energy;
4. Community and Indigenous engagement; and
5. Putting conservation first.

The legislation supports increased competition and enhanced ratepayer value by empowering the Independent Electricity System Operator (IESO) to undertake competitive selection or procurement of transmission projects when appropriate.

These will help Ontario families, businesses and the province as a whole conserve energy and water, manage costs and help Ontarians make smart decisions about the products they use.

## **Renewables Procurement**

### **Q. What is the status of renewable energy procurements? Will Ontario be moving forward with additional rounds of microFIT, FIT and LRP?**

Ontario is suspending the second round of its Large Renewable Procurement (LRP II) process. Energy Minister Glenn Thibeault has directed the agency responsible for electricity supply procurement, the Independent Electricity System Operator (IESO), to halt procurement of over 1,000 megawatts (MW) of large renewable and energy from waste projects.

On September 1, 2016, the IESO provided the Minister of Energy with the Ontario Planning Outlook, an independent report analyzing a variety of planning scenarios for the future of Ontario's energy system. The IESO has advised that Ontario will benefit from a robust supply of electricity over the coming decade to meet projected demand.

The government has therefore determined that it will suspend the second Large Renewable Procurement and the Energy From Waste Standard Offer Program. This decision is expected to save up to \$3.8 billion in electricity system costs relative to Ontario's 2013 Long-Term Energy Plan (LTEP) forecast. This would save the typical residential electricity consumer an average of approximately \$2.45 per month on their electricity bill.

The Ministry of Energy is launching consultations this fall on its next Long-Term Energy Plan. This will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

In March 2016, the Independent Electricity System Operator (IESO) offered contracts to 16 successful Large Renewable Procurement (LRP) I proponents, for a total of almost 455 megawatts (MW) of new energy generation. More than 80 percent of these projects include participation from one or more Indigenous First Nation communities, including five projects with more than 50 percent Indigenous First Nation participation. In addition, 75 percent of the successful LRP I projects received support from local municipalities and more than 60 percent received support from abutting landowners.

LRP I also introduced strong competition between developers of large renewable projects, helping to drive down price.

## ***FIT***

The next round of the Feed-In Tariff (FIT) program, FIT 5, will proceed as planned. The IESO is scheduled to open the FIT 5 application window on October 31, 2016 to November 18, 2016.

In keeping with our April 5, 2016 direction, FIT 5 has a procurement target of at least 150 MW for small renewable energy projects greater than 10 kW and up to 500 kW in size. In addition, any capacity that becomes available as a result of prior microFIT or small FIT contract terminations will be added to this base target amount.

The IESO will publish the final FIT 5 procurement target by December 31, 2016.

Importantly, the continued deployment of small scale renewables will contribute to a clean and diverse electricity system and aligns with the province's goals of low carbon buildings and transportation. It will also help the province to reduce greenhouse gas (GHG) emissions, in support of our Climate Change Action Plan.

### ***MicroFIT and Net Metering***

On June 21, 2016, IESO launched version 4 of the microFIT Program. Procurement targets for microFIT are up to 50 MW in 2016 and up to 50 MW in 2017.

The 2013 Long-Term Energy Plan (2013 LTEP) committed to examining the potential for the microFIT program to transition from a generation purchasing program to a net metering program.

Following analysis and consideration of feedback received during consultations undertaken in the Summer and Fall of 2015, the ministry posted its proposed amendments to the 2005 Net Metering Regulation to the Environmental and Regulatory registries on August 19, 2016 for public comment. Comments will be accepted until October 3, 2016.

The intent of the proposed amendments is to enable a long-term framework for customer-sited renewables that aligns with value to the electricity system, while continuing to offer consumers choice to offset their load with renewable energy sources.

In addition, the Ministry plans to begin consultations later this Fall on Community Net Metering and Third Party Ownership for net metering facilities, which are currently not enabled and require further study. To be notified of details on consultation and engagement, interested parties can contact <Feedback.to.CEE@ontario.ca>.

### **Q. How will this affect the LTEP targets for renewable power?**

The Ministry of Energy will launch LTEP consultations later this fall, which will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

Our government recognizes the sound, prudent long-term energy planning is essential to a clean, reliable and affordable energy future.

Ontario has about 18,000 MW of wind, solar, bioenergy and waterpower renewable generation contracted or online.

As confirmed in the Ontario Planning Outlook (OPO), Ontario has one of the cleanest and most reliable grids in North America. We also have one of the most reliable grids, one that is well-positioned to meet provincial needs until the mid-2020s and there is no need to procure a large amount of additional electricity supply at this time.

The long-term energy planning process will ensure that there is adequate supply of clean, reliable power to meet the needs of the province.

**Q. Are you just kicking the can down the road to next spring?**

As confirmed in the Ontario Planning Outlook (OPO), Ontario **is well-positioned to meet provincial needs until the mid-2020s**, even while our nuclear plants are under refurbishment

The long-term energy planning process will ensure that there is adequate supply of clean, reliable power to meet the needs of the province.

In future years, if there is a need to procure more electricity supply, there will be time and options to meet the need.

**Q. Is this a response to municipalities that were opposed to wind development?**

As confirmed in the Ontario Planning Outlook (OPO), Ontario **is well-positioned to meet provincial needs until the mid-2020s** and there is no need to procure a large amount of additional power at this time.

Our long-term energy planning process will ensure that we always have an adequate supply of clean, reliable power to meet the needs of the province.

Our decision to suspend the second Large Renewable Procurement (LRP II) and the Energy-from-Waste Standard Offer Program is not one we take lightly. This would maintain system reliability and would save up to \$3.8 billion in electricity system costs relative to the LTEP 2013 forecast.

We will continue to work with municipalities and Indigenous communities to ensure there is meaningful involvement in electricity system planning while maintaining the reliability of the electricity system.

**Q. Will this mean Ontario will no longer need to sell surplus power in US states?**

While the province is currently in a strong supply position, we will begin taking nuclear units out of service for refurbishment beginning this Fall. There will be a much smaller surplus when refurbishment starts.

Ontario has a number of tools to reliably and effectively mitigate SBG (e.g., electricity exports, wind dispatch, etc.).

Ontario efficiently exports and imports a significant amount of electricity as part of the regular operation of its electricity market. In 2015, exports contributed **\$228 million** towards meeting Ontario's electricity system costs, which would have otherwise been paid for by Ontario ratepayers. Finally, exports reflect the prevailing market price and are scheduled when it is economic for both Ontario and the associated importing jurisdiction.

**Q. What happened to the plan to let existing projects get contracts to improve their efficiency and output?**

The IESO's recently released Ontario Planning Outlook (OPO) highlights that Ontario has one of the cleanest in North America. We also have one of the most reliable grids, one that is well-positioned to meet provincial needs until the mid-2020s and there is no need to procure a large amount of additional electricity supply at this time.

Given our strong energy position, it only makes sense that we assess our procurements and make adjustments with ratepayers in mind.

That being said, the procurement of technological upgrades to and optimizations of existing renewable energy projects could be considered under the upcoming long-term energy planning process.

The Ministry of Energy will launch the LTEP consultations later this fall, which will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

**Q. Suspending LRP II has a big impact on electricity bills. Doesn't that prove that renewables are responsible for all these rising electricity costs?**

Rebuilding and cleaning up Ontario's electricity system has come at a cost.

Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation, and we've closed the last dirty coal-fired power plant.

The good news is that Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off coal-fired generation.

Because of these investments, Ontarians aren't forecast to see the kind of energy cost increases coal-dependent provinces like Alberta and Saskatchewan are.

Ontario is committed to investing in a clean, modern and reliable electricity system that reduces greenhouse gas (GHG) emissions and provides cleaner air for this and future generations of Ontarians.

The diversity of our current supply mix insulates Ontario against sudden changes in cost or availability of any one source, and is one of the greatest strengths of Ontario's electricity system.

Each of the supply mix elements, including hydroelectric, nuclear, natural gas, non-hydro renewables, conservation and clean imports, plays a unique role in delivering a reliable and cost-effective source of energy to Ontarians.

**Q. Can you provide some examples of how Ontario communities are benefitting from Ontario's renewable policies?**

Investments in renewable energy projects have created high-value jobs and provided economic benefits and opportunities to municipalities, local businesses, and Indigenous communities.

Renewable energy projects can bring many benefits to local communities, for example, with jobs created during construction. Skilled professionals and trades people often remain in communities where there are renewable energy projects.

Some municipalities and school boards have even raised money by renting their rooftops to solar panel developments, bringing financial benefit to their communities and cleaner, renewable energy to the province.

Ontario's clean energy initiatives have also attracted billions of dollars in private sector investment and significantly increased the amount of clean energy in our supply mix.

Today, there are more than 30 solar and wind manufacturers operating in Ontario. These companies continue to be leaders in the development of the renewable energy industry in Canada and beyond.

**Q. Last year Ontario's Auditor General issued a report that raised concern about the cost of renewable procurements. Can you comment on this?**

Governing is about choices. Our government has been clear we are committed to a clean, modern, and reliable electricity system.

Narrowly focused value-for-money audits always show it would have been cheaper to burn dirty coal. We know that choosing cleaner air, a healthier future, and the single largest climate change action in North America was a choice the people of Ontario support.

Since 2013, we have turned the page on several policies. We've introduced competition into the procurement of large renewable projects, reduced Feed-in Tariff (FIT) prices, and renegotiated key contract agreements. The result of these directives was the removal of billions in costs from our system.

**Nuclear refurbishment**

**Q. Can you discuss the government's decision to proceed with nuclear refurbishment? What are the advantages?**

Nuclear power currently provides around 60% of the electricity used by Ontarians and produces no greenhouse gas emissions.

The 2013 Long-Term Energy Plan (2013 LTEP) re-affirmed our plans to refurbish 10 nuclear units at the Darlington and Bruce Generating Stations. Together, these refurbishments will secure over 9,800 MW of affordable, reliable and emission-free generation capacity. The refurbishments also represent a total investment of \$26 billion and continued support of the province's nuclear industry for decades to come.

Refurbished nuclear is expected to be one of the most cost-effective generation resources available to Ontario for meeting base load requirements.

Existing stations are located in supportive communities with access to high-voltage transmission.

Refurbishment at the Darlington station will commence in October 2016, while Bruce Power will start refurbishment at their station in 2020. Both refurbishments will be subject to strict oversight to ensure safety, reliable supply and value for ratepayers.

**Cap and trade and its impact on the energy system**

## **Q. How will the electricity sector be affected by cap and trade?**

Ontario has been taking strong climate-positive actions for years, such as successfully eliminating coal as a source of electricity generation and developing a long-term energy plan that focuses on a safe, clean, reliable and affordable energy future.

The elimination of coal-fired generation represents a 30 Mt reduction in greenhouse gas emissions since 2003. Ontario's electricity sector is now over 90% emissions free. As a result of these efforts, Ontario's electricity system is in a strong position as we move forward with implementing the province's cap and trade program.

Under the cap and trade program design, Ontario's natural gas distributors (i.e., Enbridge Gas and Union Gas) will be the "point of regulation" for Ontario's natural gas-fired electricity generators and users that are not directly covered under the program (i.e., those emitting less than the 10,000 t CO<sub>2</sub> opt-in threshold). This means that natural gas distributors will purchase allowances to cover emissions of natural gas-fired electricity generators and other consumers that are not directly covered under cap and trade.

As a regulated entity, costs incurred by gas distributors to comply with the cap and trade program would be passed on to natural gas consumers once reviewed and approved by the Ontario Energy Board (OEB).

Emissions from electricity generation would be subject to a carbon price through the cost of fuel.

Natural gas-fired electricity generators are expected to pass on to consumers the cost of carbon through increased offers into the wholesale electricity market.

## **Smart grid and storage**

## **Q. What exactly is a Smart Grid and what are its benefits to both conservation and the taxpayers?**

Ontario's distribution grid serves over 5 million consumers. The basic infrastructure to deliver electricity to customers has largely remained unchanged for decades. As these assets age and new challenges arise – like climate change – we need to invest in smarter ways to ensure reliability.

Smart grid technologies leverage smart meters and other software and hardware applications, such as line sensors, communications technology, to improve utility visibility and control over their systems. The information that comes from the smart grid can also facilitate increased consumer awareness and control over their energy use, which in turn can encourage greater conservation. In addition, these systems can make traditional infrastructure last longer and operate more efficiently, while needing less of it – potentially reducing the need for costly capital investments.

The Smart Grid Fund (SGF) was launched in 2011 to advance this type of energy innovation in Ontario.

The Smart Grid Fund supports the development of new and emerging technologies that will bring system-wide benefits to Ontario's homes and businesses – like fewer service disruptions, less wasted energy and increased grid security.

**Q. What is energy storage and why is it important for the management of the electricity system?**

Energy storage is an emerging technology class that can act as a buffer between the time electricity is generated and the time when it is consumed.

The emergence of new more cost-effective energy storage technologies allows electricity to be captured by and dispatched to the grid whenever required.

This allows for more flexibility in managing the electricity system, as well as addressing key challenges, such as integration of increasing intermittent generation and the growing amount of distributed resources, such as micro-generation and electric vehicles.

**Q. How do electric vehicles affect the province's distribution grid? How will the Ministry address any challenges that electric vehicles present?**

Planning for Ontario's transmission and distribution systems is continually updated to reflect initiatives that have an impact on electricity demand. This will continue for initiatives announced in the Climate Change Action Plan, including electric vehicle charging.

The Ministry of Energy seeks to create a supportive policy framework that will increase the adoption and integration of Electric Vehicles (EVs) in Ontario.

EVs pose both challenges and opportunities for Ontario's distribution grid.

The Ministry of Energy is working with partner ministries as well as key stakeholders, such as local distribution companies, to address the challenges and take advantage of the opportunities that EVs present.

As part of the Climate Change Action Plan, the Ministry of Energy is working to establish a four-year overnight charging program for residential customers starting in 2017.

The Ministry of Transportation is responsible for programming related to public charging infrastructure for electric vehicles. The Ministry of Energy will work with MTO to help ensure this infrastructure is well-integrated into the electricity system.

**Electricity prices**

**Q. Earlier this month the government introduced price mitigation measures for residential and business consumers. Is the government finally acknowledging that electricity prices are too high?**

We're taking steps to ensure a clean, reliable and affordable energy system for all Ontarians.

We know that these changes have come at a cost to Ontario's residential and business consumers.

Ontario already has several programs in place to help all consumers manage their electricity costs, but we understand that some consumers continue to face challenges.

Recognizing this, we are proposing new measures, some of which would take effect January 1, 2017.

These measures will give Ontario's residential and business consumers more ways to manage their electricity costs while we continue to make the critical investments needed to maintain our energy system.

**Q. Was there any consultation with the public or businesses when developing these price mitigation measures?**

We know Ontario homeowners and businesses have expressed concern about the cost of electricity and the impact these costs can have on their budgets.

We understand it can be challenging and we want Ontarians to know that we have been listening and are taking action.

This year, the Ministry of Energy is also beginning to develop its next Long-Term Energy Plan (LTEP).

Developing the LTEP is a highly collaborative process. The Ministry works closely with its agencies and stakeholders during LTEP consultations and development.

LTEP consultations are expected to take place in fall 2016 and we encourage all Ontarians to take part.

**Q. How much can an average customer expect to save off their electricity bill with the 8% rebate?**

The proposed rebate will provide 8% off total electricity costs before taxes – effectively offsetting the provincial portion of the HST.

A typical urban residential customer that consumes 750 kWh per month will see an annual benefit of approximately \$132 or a monthly benefit of approximately \$11, before tax.

A typical rural customer, eligible for the increased RRRP support, that consumes 1000 kWh per month will see an annual benefit of approximately \$540 or a monthly benefit of approximately \$45, before tax.

A small farm or small business will see an annual benefit of 8% before tax.

**Q. Doesn't the rebate reward those who use more electricity – how does this encourage conservation?**

We're taking steps to ensure a clean, reliable and affordable energy system for all Ontarians.

We know that these changes have come at a cost to Ontario's residential and business consumers.

Recognizing this, we are proposing new measures that would take effect January 1, 2017.

As we plan for Ontario's energy needs for the next 20 years, conservation will be the first resource considered, wherever cost-effective.

It is the cleanest and most cost-effective energy resource, offers consumers a way to reduce their energy bills and reduces the need to build new generation, transmission and distribution infrastructure.

We encourage all Ontarians to participate in conservation programs offered through their Local Distribution Company (LDC) and the Independent Electricity System Operator (IESO).

**Q. What is Rural or Remote Rate Protection (RRRP)? How is RPPP being updated? What kind of relief will it provide to ratepayers that currently receive it?**

The Rural or Remote Rate Protection (RRRP) is a program that provides a rate subsidy to rural and remote residential customers who are faced with higher distribution costs relative to urban areas.

Funding to support these rural customers has not been changed since 2003, which has resulted in diminishing relief for customers over the years.

That's why we are going to increase the RRRP subsidy for eligible consumers by updating the RRRP

This update would result in additional support for eligible customers.

The typical eligible consumer (1000 kWh/month) will see their RRRP subsidy increase from \$[31.50] per month to \$[60.50] per month.

**Q. Why are you expanding the Industrial Conservation Initiative? How will the expansion of ICI help businesses with their electricity costs?**

The Industrial Conservation Initiative (ICI) allows large electricity consumers to reduce their electricity costs by reducing their demand during peak hours. Reducing consumption during peak hours benefits companies financially and benefits the electricity system by deferring the need for new peaking generation.

ICI is currently available to electricity consumers over 5 MW and consumers from 3-5 MW in certain energy intensive sectors.

To give more businesses the incentive to participate in the ICI, we will be taking measures to lower the threshold to 1 MW and will be removing sector restrictions so that more consumers can benefit.

Newly eligible consumers will be able to opt-in to the ICI program at their discretion.

**Q. How much can ICI participants expect to save in terms of electricity costs? When will they start to see the benefit financially?**

ICI participants save approximately one-third on their electricity bills.

Companies that opt-in to ICI would see the impact in 2018 due to the time required to implement the expansion and the need to set a one-year baseline.

**Q. What about companies that can't shift their operations to off-peak hours? Will they be penalized financially by having to pay higher rates?**

We recognize that electricity costs are a major factor for businesses participating in Ontario's economy. That's why Ontario has programs in place to help industrial consumers address the cost of their electricity.

Ontario's hybrid electricity market, combining regulated, contract and competitive market pricing, provides long-term price stability for industrial and smaller customers.

In addition to the ICI, there are many existing programs and incentives available to support industrial consumers.

For example:

- Participants in the Northern Industrial Electricity Rate Program (NIERP) receive a rebate of two cents per kilowatt hour. On average, industrial electricity prices can be reduced by up to 25% through the program. In 2015, the Ontario government announced the commitment to an ongoing NIERP beyond March 2016.
- The Industrial Electricity Incentive (IEI) offers reduced electricity rates for companies starting or expanding operations in Ontario. To date, IESO has awarded 22 contracts to electricity-intensive companies across the province through the program.
- The Industrial Accelerator Program (IAP) provides financial incentives to eligible transmission-connected companies to fast track capital investment in major energy conservation projects.
- The IESO holds annual demand response auctions, which provide availability and utilization payments to successful participants that commit to reducing their electricity consumption when called upon to do so.
- The IESO's saveONenergy for Business conservation programs for commercial and industrial consumers offers financial incentives to distribution-connected small businesses, commercial, institutional and industrial consumers, to install energy-efficient equipment and improve the energy efficiency of their buildings.

As we move forward we will continue to look at all options to strike the balance between reliability and affordability, while continuing our work on modernizing our electricity system.

**Q. How will GGRA recycling work to help reduce costs for commercial and industrial customers?**

As outlined in the 2016 Budget and the Climate Change Action Plan (CCAP), the government intends to recycle a portion of the cap and trade auction proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers to keep rates affordable.

**Q. Why is the government using GGRA funds to help reduce the electricity costs of commercial and industrial companies? Aren't GGRA funds supposed to go to programs/initiatives that reduce greenhouse gas emissions?**

As outlined in the 2016 Budget and the Climate Change Action Plan (CCAP), the government intends to recycle a portion of the cap and trade auction proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers to keep rates affordable.

Using cap and trade auction proceeds to lower the cost of electricity would make it more competitive with traditionally cheaper fossil fuels.

By using the proceeds to lower the cost of electricity, there is potential to incent fuel-switching away from fossil fuels toward much cleaner grid-connected electricity and support the CCAP's goals of electrification.