

ACCESS TO COMPETITIVELY PRICED ENERGY

Modern farms run on, and rely on energy. Energy is required for heating, ventilation, hot water, drying, lighting, motors and hundreds of other uses.

Energy represents a significant input cost for Ontario farms and that cost is increasing, making our farms less competitive in a global market.

OFA believes Ontario farms need competitively priced energy, including access to natural gas and reasonably priced electricity, to be able to compete and to contribute to the growth of our rural economy.

Natural gas

A public/private sector partnership in extending natural gas to rural Ontario is the single best investment Ontario can make in its rural economy. Rural access to natural gas is a serious game changer.

Ontario farms and rural businesses are disadvantaged by high energy costs. Ontario farms and rural businesses with natural gas will have significantly lower energy expenses. For heat, natural gas is 30% of the cost of electricity and approximately one-half the cost of propane. But, natural gas is accessible to less than one-fifth of Ontario farms. Canada's Prairie provinces have undertaken to extend natural gas across their rural landscapes. Alberta and Saskatchewan are virtually fully serviced while Manitoba exceeds Ontario's access rates and continues to expand.

- ✓ *Rural Ontario cannot grow and achieve its true economic potential without access to natural gas.*
- ✓ *If full coverage is achieved, rural Ontario will have more than \$1 billion of new disposable income to invest in and build our rural economy.*

Expanding the natural gas pipeline network across rural Ontario will help farmers reduce the operating costs of heating barns, providing hot water for dairy operations, drying grain and running greenhouses and other facilities. Access to natural gas in rural Ontario will also reduce demand on our burdened electrical supply by eliminating the need for over 600MW of generating capacity now used for electric heating.

Providing natural gas for rural Ontario farm and non-farm families will cut home energy bills by more than \$1,000 per year, while 30,000 farms and other small businesses will save even more. This amounts to a potential energy saving estimated at over \$800 million per year if rural Ontario gets fully served. That money will be reinvested in rural Ontario families and businesses, generating jobs and growth.

In addition, access to competitively priced energy will attract new food processing, manufacturing and service firms. Growth in the agri-food and rural economy will accelerate with access to lower cost natural gas energy.

The OFA is working closely with Union and Enbridge Gas to explore how best to extend gas lines throughout rural Ontario. OFA is proposing a multi-year project, requiring a modest annual public investment. The proposed project will have no impact on existing natural gas customers and rural customers will pay a rural rate to contribute to the extra costs of rural delivery.

Stage 1 Proposal – 55 communities serving 55,000 customers yielding \$55 million in energy savings per year. Public investment = \$55 million per year for 5 years (35% of infrastructure cost).

This is a modest beginning to a private and public sector partnership that will provide dividends through a more robust and thriving rural economy.

Electricity

Ontario's electricity costs are climbing. Ontario now has among the highest electricity rates across all other North American jurisdictions. This is not sustainable for farming and is not sustainable for the Ontario processing industry – our main buyer.

Ontario needs to find ways to enable affordable and competitive electricity rates for farming and industrial users.

Visit [YouTube.com/OntarioFarms](https://www.youtube.com/OntarioFarms) to watch a video about natural gas expansion to rural Ontario.