



Ontario Federation of Agriculture

Ontario AgriCentre

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June 21, 2012

Hon. Dalton McGuinty
Premier of Ontario
Room 281
Main Legislative Building
Queen's Park
Toronto, ON M7A 1A4

Hon. Christopher Bentley, Minister
Ontario Ministry of Energy
Fourth Floor, Hearst Block
900 Bay Street
Toronto, ON M7A 2E1

Dear Premier McGuinty and Minister Bentley:

Re: New Industrial Electricity Incentive Program

The Ontario Federation of Agriculture is encouraged by your announcement of June 12 for a new system of power prices for Ontario industry. It is an encouraging development, especially for new large firms with over \$250 million to invest and large expanding firms. Both would enjoy substantial reductions in their power costs.

This program will help use surplus power, while attracting investment and jobs.

As you know, our farm businesses across Ontario also have a keen interest in power costs. Our farms employ new technology that depends on affordable and dependable electricity to light our barns, milk our cows, dry and move our grain and keep fruit and vegetables fresh.

As much as 30% of the input costs on some farms is electricity. Electricity is essential and a major cost that can enhance or limit our farm competitiveness just as for other industries. Similarly, our customers in the food processing industry - a leading employer in Ontario with over 500,000 jobs depends on reliable and affordable power.

If our farming and food processing industries are not competitive, Ontario loses market share, loses dollars from export sales and spends more on imports. Jobs are lost.

Premier and Minister, our point is that small and medium sized enterprises, particularly in the farming and food business can also capitalize on your government's New Industrial Electricity Incentive Program. This will sustain and create jobs across the province in a vital and innovative industry.

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Our immediate concern lies with farms and food processors, but our suggestion includes all Ontario industry. OFA suggests that there be an industrial power price for all farms (without homes on the account) and all firms with electricity demand of 50 kva or 150,000 kwh per year or more. This would extend the plan to a vastly greater number of employers and do a great deal to protect existing Ontario jobs while enhancing Ontario's competitiveness in every sector.

In essence, OFA proposes that Ontario return to a system with an advantageous industrial power price that recognizes the value of jobs, the need to be competitive and which puts our heritage of clean competitively priced power to work for people.

OFA has looked at several different ways of moving to an industrial price system and feels that Ontario can and should have such a price. This program presents such an opportunity.

OFA represents the interest of a large group of energy consumers. These consumers are small and medium sized enterprises that help drive our economy and help employ Ontarians. As such, the OFA respectfully request to be involved in the meetings and consultations that are meant to develop the details of your proposed price plan prior to its implementation in early 2013. We hope that you and your officials are open to a broader formulation of an industrial price system that will benefit all farms and industry including forestry, mining, cement, food processing and manufacturing of all kinds.

OFA appreciates your initiatives on energy and a new price system in particular. We look forward to participation in its further development and wish you and all Ontario the very best in these efforts.

Sincerely,



Mark Wales,
President