



**Ontario Federation of Agriculture**

**Ontario AgriCentre**

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November 12, 2016

The Honourable Glen Thibeault  
Ontario Minister of Energy  
Hearst Block 4th Floor, 900 Bay St,  
Toronto, ON  
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Proposed amendments to O. Reg. 442/01 and to O. Reg. 429/04 made under the Electricity Act, 1998 and regulations under the Ontario Rebate for Electricity Consumers Act, 2016

Dear Minister;

The Ontario Federation of Agriculture (OFA) is the largest voluntary farm organization in Canada, representing over 36,000 Ontario farm family businesses. These farm businesses form the backbone of our rural communities and our robust food system has the potential to drive the Ontario economy forward.

The ability to choose competitively priced, efficient and reliable energy solutions has consistently been a major factor when assess the viability of maintaining or expanding Ontario farm business operations.

OFA supports the measures proposed for O regs. 442/01 and 429/04 and the recently passed Ontario Rebate for Electricity Consumers Act, 2016 legislation. We view these steps as actions to avail Ontarians and your government a small window of time to properly and earnestly design and implement much needed permanent solutions to prohibitive electricity prices.

**The Ontario Rebate for Electricity Consumers Act, 2016** legislation will rebate, directly on small business and residential electricity bills, an amount equal to the provincial portion of the Harmonized Sales Tax. This is an important step in the right direction to address the long-standing issue of the high cost of electricity in Ontario.

The existing **Rural and Remote Electricity Rate Protection (RRRP) program O. Reg. 442/01** will be enhanced to provide more on-bill savings for Ontario's eligible R2 rural customers. We understand that the combined on-bill monthly saving for certain R2 customers will be about 20 per cent or about \$45 per customer.

ALL R2 customers struggle to pay inequitable distribution costs and ALL should benefit from this program, as the Ontario Energy Board wrote in a 2014 finding; *The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the costs of providing electricity service to these customers greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario.*<sup>1</sup>

1. Ontario Energy Board EB2014-0347

[http://www.ontarioenergyboard.ca/oeb/Documents/Decisions/Dec\\_Rate\\_Order\\_RRRP\\_WMSC\\_20141219.pdf](http://www.ontarioenergyboard.ca/oeb/Documents/Decisions/Dec_Rate_Order_RRRP_WMSC_20141219.pdf)

Hydro One's R2 customers pay significantly more than all LDC urban customers, through higher fixed and volumetric distribution rates. The Ministry of Energy, LDCs, customers and regulators are of one voice in recognizing that ALL R2 customers pay amounts that "greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario".

Generations of rural Ontarians have paid imbalanced delivery rates. We need to move past the notion that thinly populated service areas must bear the full burden of funding and maintaining distribution assets or learn to live with less reliable, poorer quality electricity. Like transmission assets, Ontario must adopt a universal distribution cost with a variance account funded like RRRP. Our extremely capable Ontario Energy Board already works to ensure investments and maintenance for electricity distribution assets are fair and balanced. A properly funded and functioning grid is to the benefit of ALL Ontarians and should be financed by ALL. That will take a concerted effort from all stakeholders, but in the meantime, the RRRP program should be extended to benefit ALL R2 customers.

Expanding eligibility for the **Industrial Conservation Initiative O. Reg. 429/04** by lowering the threshold for participation to 1MW peak demand and broadening participation to all sectors is also a proposed amendment that the OFA supports. For the Agricultural sector the lower threshold will allow several more greenhouse operations and possibly a very few large livestock operations to consider the ICI and become Class A customers.

Livestock operations can take many steps to reduce, conserve and manage their demand. However, they cannot accommodate dropping their peak demand during Ontario System peak demand. It is not possible to reduce livestock facility ventilation during a heat wave or for that matter, send a work shift home and stop production.

The only way livestock operations can reduce peak demand is to have CHP, co-generation, clean or renewable natural gas generation, or dirtier diesel generation, to curtail their draw from the grid. Instead, we need to agree on reasonable measures to illustrate when a farm operation adheres to the highest degree of energy reduction, conservation and demand management possible. Those able to achieve these measures, tailored to any farm type and farm size, should be eligible for a Farm Industry electricity rate.

With respect to the cost of electricity, OFA feels that these three combined measures will afford Ontario the time needed to engage rural business and residential stakeholders, and technical experts in generation, distribution and load, to seriously address the rising cost of electricity.

Respectfully Submitted,



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NC/in

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