



**Ontario Federation of Agriculture**

**Ontario AgriCentre**

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## **Ontario's Next Long-Term Energy Plan**

Ontario is seeking public input to help develop the province's next Long-Term Energy Plan (LTEP) meant to maintain a reliable supply of clean, affordable electricity.

Get involved in the conversation by visiting [Ontario.ca/EnergyTalks](http://Ontario.ca/EnergyTalks)

- Share your ideas online between October 13, 2016 and December 17, 2016
- Attend one of the in-person consultations across the province
- Send in a written submission on the [Environmental Registry](#)

The Ontario government has stated that supporting a reliable supply of clean, affordable electricity is part of the plan to create jobs, grow the economy and help people in their everyday lives.

OFA represents over 36,000 farm and farm businesses throughout Ontario. Agriculture and the agri-food sector is the number one industry in Ontario, generating \$34 billion in GDP and employing 740,000 people. OFA sees the Premier's challenge; to double our annual growth rate and create 120,000 new jobs by 2020, as an achievable goal, but one that requires collaboration between government and our industry. In keeping with the theme that Ontario's key priority is growing the economy and creating jobs, we consider many rural farming needs as vital to achieving a successful LTEP.

### **System Flexibility**

Ontario must focus on efficiencies to our electric system. To effectively manage surplus baseload generation and build flexibility in the wholesale energy market, Ontario must plan for contingencies in the marketplace through

- continued and expanded capacity agreements with Quebec
- improved interties with US markets
- access to quick response generation in Ontario
- innovative demand side management and new technology in energy storage

These efficiencies are necessary to better manage and reduce Ontario's Reserve above Requirement generation. Managing the Reserve will help rein in some rate payer costs, but agriculture warrants further consideration.

### **Electricity Service Types**

Energy profiles vary by farm type, and many operations do not have the flexibility to curtail use during peak demand. For example, the notion that a farm can manage demand by reducing livestock barn ventilation during a heatwave or curtailing heating during a cold spell is not realistic. In fact, many farm operations should be recognized for consuming a stable baseline energy load by re-establishing a farm industry electricity rate (FIER) class identified by Farm



Business Registration number. For operations that are ineligible to participate in the Industrial Conservation Initiative (ICI) and cannot take advantage of TOU billing, a FIER tied to appropriate conservation and demand management for that farm type will let them better manage one of their most expensive inputs – energy costs. The resulting economic payback by sustaining farming in Ontario is significant and continual. It is time the LTEP considered electricity service classes.

## **Generate Power Where Power Is Needed**

Rural energy infrastructure must also be included in the LTEP. Capacity must be improved as part of mid and long term planning. Vast areas of Ontario with the ability to feed in generation are now prohibited because our aging transmission system has capacity limitations. In the first quarter of 2016, this meant suspending contract renewal negotiations for existing generation while campaigning for new large procurements (LRP) in other areas. Now the Ministry has put a moratorium on LRP citing a reduced forecast for generation needs moving forward. However, district energy options should remain a part of the LTEP. Generation located where power is needed can reduce grid stress and extend the timeline for capacity upgrades to mid and long term targets. Priority must be focused on enabling smaller communities to take ownership in their own generation for their own use.

## **Grid-connect Remote First Nation Communities**

While it may be necessary to curtail LRP until we have a comprehensive LTEP considering all aspects of our energy market, it is important to continue the process to grid-connect remote First Nation communities and help reduce their reliance on local diesel generators. In the same way that improving agriculture's access to clean, reliable, cost effective energy options will benefit all of Ontario, remote grid connection initiatives are of social, economic and environmental benefit to all Ontarians and we must continue to improve remote access.

## **Enable Rural Grid Reliability and Power Quality**

Rural Ontario shouldered significant costs to establish Ontario's electricity distribution system. However, all rate payers now need to see mid and long term government commitment to rural system improvements; low voltage issues, brownouts, and uncontrolled electricity are normal occurrences in rural communities that are not considered acceptable in urban areas. The LTEP must enable the OEB, IESO and LDCs to mitigate these issues with longer term planning solutions and reasonable funding to address rural network quality and reliability issues. Again, investments in safe reliable electricity for rural Ontario benefit all Ontarians.

## **Rural System Asset Management**

The regulatory nature of utilities requires LDCs to ensure asset management expenses directly relate to the cost to deliver power and maintain their system. For rural Ontario, with few customers to share these costs, the pressure to limit asset investment is very real. LDCs do not have the liberty to add radial line loops or run multiple transformer assets in rural Ontario to address low voltage and uncontrolled electricity. This also means rural asset management cannot use a very cost effective technique to retrofit or upgrade assets on a *component* basis. Scheduled power interruptions would be too frequent if the rural LDC replaced only one transformer component at a time, even though component based management is more



economical for components and assets. Instead, rural system maintenance involves replacing many components at once, reducing the number of scheduled interruptions but also involves replacing components that may not need to be replaced yet. The LTEP should recognize the need for, and encourage rural LDCs to accommodate component based maintenance, achieved through ensuring LDCs incorporate line looping and multi-transformer stations in their asset plans. The additional benefit will be an improved level of quality and reliability in rural systems.

## **Large Renewable Procurements (LRP)**

While LRPs are currently suspended, the LTEP should inform everyone on how Ontario would conduct future industrial generation procurements. Related to land use, the generation industry should be responsible stewards of land and be barred from agricultural land. Local government should have a stronger voice in ensuring these installations are not sited on agricultural land beyond the limited protection some Class 1 to 3 lands are afforded. Guided by your Ministry, the IESO conducted lessons learned from LRP1. The greatest lesson to learn, once capacity limitations dictate potential areas for generation, is that community governments should have an active role in influencing where installations are constructed in their boundaries – not on land being farmed. If future programs are rolled out for industrial generation, they must encourage significantly more engagement and collaboration between generators, land owners and local community governments.

## **Access to Natural Gas and RNG**

The LTEP review provides an opportunity to create energy policy focused on energy diversity. Only a diversified plan will ensure we have the tools to reach emission targets in vital sectors including transportation and energy intensive industry.

Natural gas offers a significant competitive advantage to commercial and industrial customers and is vital to maintaining and growing these businesses, especially in light of the Climate Change Action Plan (CCAP). As an abundant, affordable fuel, we need to leverage the strategic advantage Ontario natural gas provides compared to our international competitors.

Natural gas access across rural Ontario could save farmers, businesses and residents more than \$1 billion annually in energy costs - new, disposable income in the hands of rural communities and farms to spend locally and stimulate rural economies. These savings are significant however savings alone are not enough to pay the Aid-To-Construction needed to bring natural gas access to these thinly populated communities and smaller hamlets.

Upfront costs for pipeline connections need to be collateralized with homeowner assets to secure bank loans. Many homeowners are uncomfortable with a Return on Investment of ten or more years especially considering that many people move every 15 to 20 years. This coupled with converting appliances that may be relatively new means that many rural customers will not be able to convert to natural gas.

Government stimulus in the form of 0% loans for sufficient time to allow annual savings to pay down Aid-to-Construction and appliance conversion, along with loan and grant programs to stimulate micro-CHP installations will result in a hand up (not a hand out) that our rural farm and rural community residents so rightly deserve. The LTEP should support a plan to invest the necessary funds to facilitate community expansion of natural gas lines over a multi-year plan.



## **Ontario's Climate Change Action Plan (CCAP)**

Green energy will undoubtedly have an increasing presence in Ontario's energy mix. However, we also need to incorporate renewable generation in such a way as to not penalize the rate payer. We cannot afford to overpay for renewable generation. Generator incentive-based pricing should be curtailed. Carefully designed incentives and capital investment to support green energy options for rural farm communities need to be strategically planned. Again, generation needs to be located where demand already exists.

Rural residents and farm operations need a combination of many fuel solutions to best meet their needs. Geothermal, CNG, micro-CHP, CHP and Distributed Energy Hubs can all be tailored to meet rural farm and community needs. Access to natural gas is a strategic competitive necessity for the economic development of rural Ontario. Renewable natural gas (RNG) injection is needed to fulfill green energy requirements; land-fill gas, municipal organ waste, lumber waste and agricultural feedstock for biogas are all part of a long term rural solution. Advancing clean energy options for rural farm communities must move beyond the announcement stage. Conventional and renewable natural gas is the clear place to start.

### **Smart Metering and the Smart Grid**

Finally, Ontario has to focus on efficiency gained through the use of smart grids and smart metering to manage generation, distribution and load use. Rural Ontario is typified by smart metering which cannot communicate the energy use profile back to the LDC. Consumers that use demand management to reduce on-peak consumption do not benefit unless smart metering is significantly improved. The LTEP should support and engage LDCs and IESO to radically improve technology so all Ontarians can take advantage of smart district energy hubs, continuous conservation and seamless demand management.

A responsive, reliable grid and access to safe affordable energy will help sustain and expand the agri-food sector to help meet the Premier's agri-food job creation challenge. A cost effective rural focus, balanced with reliability, environmental, community and Indigenous engagement, conservation and demand management, will benefit all Ontarians. This is what we request our LTEP to deliver.