

August 8, 2019

Daniel Cayley
Manager, Electricity Policy and Economics
Ministry of Energy, Northern Development and Mines
77 Grenville Street, 7th Floor
Toronto, Ontario
M7A 1B3

Mr. Cayley,

Re: Ontario Regulatory Registry Proposal Number: 19-ENDM008 Transitioning from Global Adjustment Refinancing to a More Transparent On-Bill Rebate

The Ontario Federation of Agriculture (OFA) is the leading advocate and voice for 38,000 farm families and businesses across Ontario. These farm businesses and rural communities form the backbone of a robust food system with the potential to drive the Ontario economy forward.

We are pleased to provide comments regarding the proposed amendments to the Ontario Rebate for Electricity Consumers Act, 2016, and some additional recommendations to address high electricity costs and disparities between regional and urban rate classes. The ability to choose competitively priced, efficient and reliable energy solutions is a major factor when considering an expansion or assessing the ability to maintain existing Ontario farm business operations.

In 2016, the previous provincial government legislated the Ontario Rebate for Electricity Consumers Act, enhanced the Rural and Remote Electricity Rate Protection program, and broadened the Industrial Conservation Initiative (ICI) program. OFA supported these measures reasoning the province would gain a brief window of opportunity to properly and earnestly design and implement much needed permanent solutions to prohibitive electricity prices.

Now, the provincial government proposes expanding OREC as part of a transition to a transparent on-bill rebate to replace Global Adjustment (GA) Refinancing. OFA is supportive of any means by which GA is made more transparent while we also recommend the Ministry explore permanent solutions including expanding ICI-type programs to all rural business customers and moving legacy GA costs to the Ontario tax base.

Rural commercial and residential customers pay significantly more than their urban counterparts, through higher fixed and volumetric distribution rates. The Ministry of Energy, LDCs, customers and regulators are of one voice in recognizing that all rural customers pay amounts that “greatly exceed the costs of providing electricity to customers located elsewhere in the province of Ontario.” OFA recommends proposed amendments ensure all rural customers receive OREC support, regardless of rate class.

Comparing Ontario to neighbouring province and state electricity system rates, Ontario has low urban residential rates at expense of rural, commercial and industrial customers. From 2014 to 2017 - the last year with complete published US data – the unreasonable Ontario disparity has worsened (See Appendix Graphs).

Ontario commercial and industrial customers and all rural customers need meaningful relief from GA costs to remain competitive. The solution is for Ontario urban residential customers to pay more to align with neighbouring jurisdictions with large urban centres, and to move legacy GA costs to the tax base.

The only way greenhouses, covered agriculture and many types of livestock operations can reduce their peak electricity demand is to have combined heat and power (CHP) or co-generation, using natural gas, clean renewable natural gas or in many rural regions, using less clean fuels such as propane and diesel fuel to curtail their draw from the grid. OFA continues to recommend the Ministry commit to a long-term natural gas expansion program to ensure Ontarians use the cleanest fossil fuels while also working to establish RNG and Hydrogen fuel solutions.

OFA recommends establishing reasonable measures to illustrate when a farm operation achieves an efficient degree of energy reduction, conservation and demand management possible. Those able to achieve these measures, tailored to farm type and farm size, should be eligible for a Farm Industry electricity rate.

OFA supports maintaining OREC assistance using an on-bill rebate to reduce the impacts of GA and making GA costs transparent. We also recommend the Ministry work with rural and agricultural stakeholders to explore a long-term natural gas expansion commitment and to establish an Ontario Farm Electricity rate class, ensuring all Farm Electricity customers are eligible for the on-bill rebate. We recommend the Ministry explore permanent electricity cost solutions including expanding ICI-type programs to all rural business customers and moving legacy GA costs to the Ontario tax base.

OFA feels that these combined measures will afford Ontario the time needed to further engage rural business and residential stakeholders and technical experts in generation, distribution and load, to meaningfully address the rising cost of electricity, and ensure Ontario continue to maintain a rural customer base load.

Sincerely,

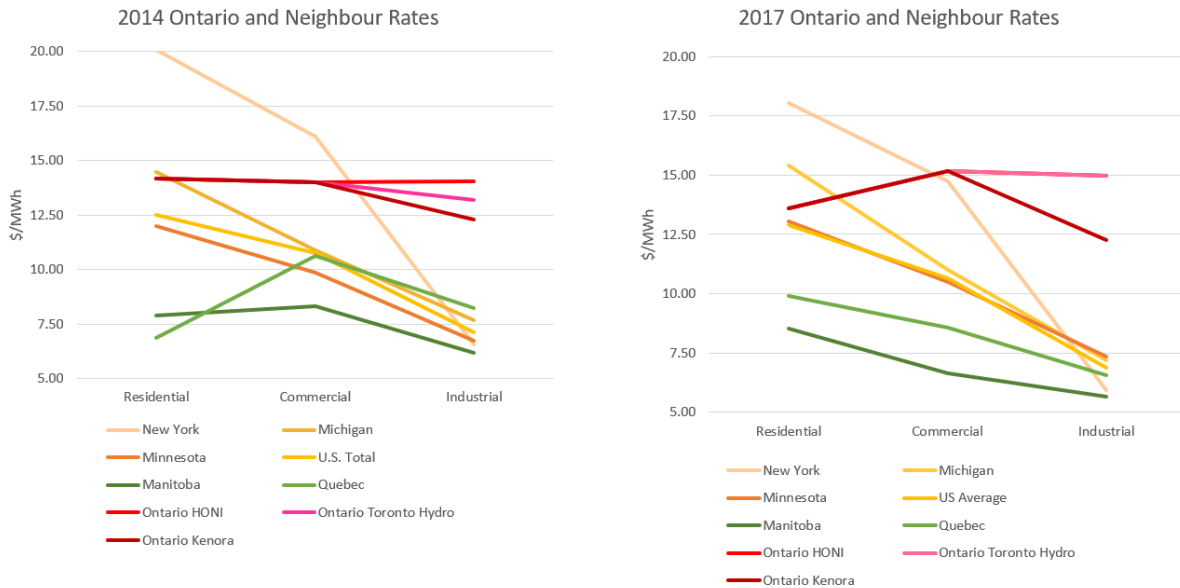


Keith Currie
President

cc: OFA Board of Directors

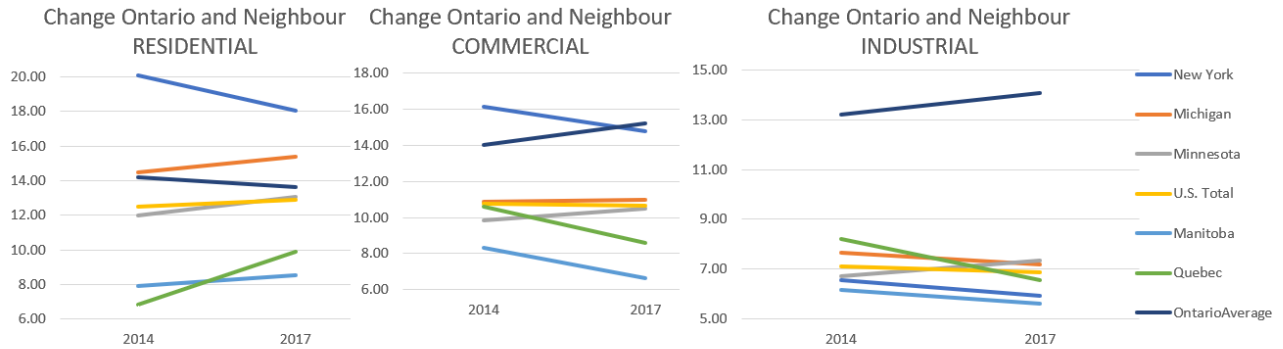
APPENDIX

GRAPH 1: Low urban residential rates at expense of rural, commercial and industrial



Ontario, especially rural HONI customers, continues to buck the trend: subsidizing residential customers through higher commercial and industrial rates

GRAPH 2: Customer Class Rate Changes 2014 - 2017



RESIDENTIAL RATES: Ontario only decline except NY, where residential rates are down but still VERY high

COMMERCIAL RATES: Down in almost all jurisdictions except Ontario Average

INDUSTRIAL RATES: Down almost all jurisdictions except Ontario Average