

April 14, 2021

Hon. Greg Rickford
Minister of Energy, Northern Development and Mines
10th Floor, 77 Grenville St,
Toronto, ON
M7A 1B3

Dear Minister Rickford:

Re: OFA support for Retail Council of Canada request for Global Adjustment Dynamic Pricing Pilot Programs for Class B, non-RPP ratepayers

The Ontario Federation of Agriculture (OFA) proudly represents more than 38,000 farm family members across the province, supporting our members and the agri-food industry on issues, legislation and regulations governed by all levels of government. OFA works to ensure the agri-food sector and our rural communities are included, consulted and considered in any new and changing legislation that impacts the sustainability of our farm businesses. We are the leading agricultural advocate for Ontario farmers, their businesses and their communities.

OFA and our farm members are acutely aware of work by the Ontario Energy Board (OEB) and local distributors, and led by the efforts of your government, to reduce and manage energy rates throughout the COVID-19 pandemic. Thanks to the work of you and your staff, an average electricity customer pays less today than a year ago.

Agricultural and agri-food sector companies struggle to secure safe, reliable and cost effective sources of energy including electricity, natural gas and renewable options. This is often challenging in rural regions. As higher energy demand users, food processing and many sub-sectors of agriculture are centred on conservation and demand management for greenhouses, perishable crop storage, irrigation, grain drying, and HVAC for many livestock facilities.

As we continue to think through how to make Ontario's energy system more efficient, and decrease prices for all ratepayers, OFA wants to signal its support for piloting energy pricing methodologies that more dynamically price Global Adjustment for Class B, Non-Regulated Price Plan (non-RPP) ratepayers. These are the larger businesses with monthly peak demand above 0.5 MW that are not Class A consumers.

As recently as January 2021, OEB consulted stakeholders on different pricing methods for Global Adjustment which could support both reductions in peak consumption, and reductions in energy prices. The most comprehensive walk through of some of those models can be seen in the OEB's 2019 report produced as part of EB2016-0201; Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario. To proceed further, the OEB's methodologies need to be piloted. OFA believes that a government-led pilot would be an appropriate path forward.

Recently, OFA was approached by the Retail Council of Canada (RCC) to gauge our support for piloting some of the OEB's costing models. OFA fundamentally agrees that a more demand-based pricing for Global Adjustment will lead to lower consumption and lower overall energy rates in the long-run – for both commercial and residential consumers of energy.

We support the idea of piloting various Global Adjustment pricing models. RCC has encouraged OFA to draft this letter of support for such an idea. RCC has highlighted that the best version of a pilot would engage sectors beyond retail – ratepayers in the manufacturing sector, as well as the agri-food sector.

We support the notion that a pilot should include ratepayers in multiple business sectors, including customers below the existing Industrial Conservation Initiative demand threshold, to represent the diversity of the Class B, Non-RPP category. We know that many of our members, energy pricing remains a concern. Regional disbursements and concentrations of energy intense agriculture should be of unique benefit to such pricing pilots. We anticipate that these members would be interested in joining such an energy price pilot.

Globally, a strong correlation between energy price and demand has proven to be an innovative solution to lower energy pricing. We support the principal behind piloting such pricing methods. OFA looks forward to continuing our conversation with your Ministry, offering an agricultural perspective to these discussions, and would be pleased to provide additional comments and guidance should pilots proceed.

Sincerely,



Peggy Brekveld
President

PB/in

cc: Mr. Sebastian Prins, Director, Government Relations (Ontario), Retail Council of Canada
OFA Board of Directors