

March 28, 2022

Matthew Edwards
Ministry of Energy
Conservation and Energy Efficiency Branch
77 Grenville Street
5th floor
Toronto, ON
M7A 2C1

Via email matthew.edwards@ontario.ca
and the online Environmental Registry of Ontario

Dear Matthew Edwards,

Re: ER 019-5054 Proposal for a Voluntary Enhanced Time-of-Use Rate Price Plan

The Ontario Federation of Agriculture (OFA) is Ontario's largest general farm organization Ontario, proudly representing more than 38,000 farm family members across the province. We are a strong voice for our members and the agri-food industry on issues, legislation and regulations at all levels of government.

Ontario's farm and agri-food sector is a powerhouse for the province. Ontario farms grow and produce more than two hundred farm and food products, fuelling rural communities, driving Ontario's economy, and generating more than 860,000 jobs and over \$47 billion in Ontario GDP.

We are dedicated to ensuring the agri-food sector and rural communities are included, consulted and considered in decisions that impacts the sustainability and growth of farming in Ontario. OFA and our farm members are acutely aware of the work the Ontario Energy Board and local distributors, led by the Ministry, have undertaken to reduce and manage rates during COVID-19.

OFA is pleased to provide comments from an agricultural and rural Ontario perspective to the proposal, and we support the Ministry interest in creating enhanced TOU options. We hope this does not end with only an option for residential customers with EV charging capacity. Business and commercial customers also need to shift their load. Our farm businesses are innovators, who try to find ways to use overnight surpluses to help offset their business costs.

Our farm communities struggle to secure safe, reliable and cost-effective energy including electricity, natural gas and renewable options. This is challenging in rural regions. As higher energy demand users, farms and food processors are centred on conservation and demand management, including for greenhouses, perishable crop storage, irrigation, grain drying, and for livestock facility HVAC.

Today, many farms cannot shift their activities to nighttime, including livestock and perishable crop operations. For some, they cannot find the return on capital at existing off-peak prices, needed for demand management to curtail on-peak demand, load-shift, and to store low-cost energy for later use. With renewable power cost declines, many farm, commercial, and industry customers are finding it more feasible to generate their own power taking them off the grid.

When customers leave the grid there are fewer left to share Global Adjustment and fixed distribution costs. We are hopeful that while on-peak rates continue to increase, costs for DM and energy storage costs decline, our farm operations will be able to stay connected to the grid; ensuring they have a reliable source of baseline power, and be able to take advantage of ultralow overnight rate plans.

We anticipate many Ontario rural farm innovators would be interested to opt-in to a program like the residential low-overnight-pricing pilot, and accept a higher on-peak electricity price in exchange for an ultra-low overnight price. This option will attract more farm business innovators than does the Customer Choice Initiative that allows switching between TOU and Tiered plans (for those rural customers that have a smart meter needed to opt in any TOU plans).

System and environmental perspective of optional rate

To address this Ministry inquiry topic, we feel an enhanced TOU plan will motivate energy storage at night to avail the system during on-peak. Without this motivation, the distribution system will not be able to accommodate EV demand during the daytime, in large urban centres already strained to meet on-peak demand. To ensure the best data is available, customers opting into an EV driven TOU pilot could be required to share their charge/discharge data to inform a new rate design that ensures full cost recovery.

Other electricity sector opportunities

Related to system opportunities, to improve uptake we support enabling LDCs to supply storage and charging assets at cost to commercial businesses, and allow rural customers to net out delivery charges if they make storage-based power available during on-peak TOU.

Anticipating increased electrification, there are other opportunities to pilot new rate designs. As we think through how to make Ontario's energy system more efficient, and decrease prices for all ratepayers, OFA has signalled support for piloting energy pricing methodologies that more dynamically price Global Adjustment for Class B, Non-Regulated Price Plan ratepayers. These are the larger businesses with monthly peak demand above 0.5 MW that are not Class A consumers.

Last year, OEB consulted on pricing methods for Global Adjustment which could support both reductions in peak consumption, and reductions in energy prices. A summary of models is in OEB's 2019 report under EB2016-0201; Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario. To proceed further, OEB methods need to be piloted. We support a government-led pilot as the suitable path forward.

Global Adjustment price pilots involving multiple sectors and customers with demand below the Industrial Conservation Initiative threshold, would highlight the diverse Class B category. Energy pricing remains a large concern for many farm businesses. Regional distribution and concentration of energy intense agriculture are unique benefit to such pilots. We anticipate that farmers would be interested participation.

The correlation between energy price and demand inspires innovative solutions to lower energy pricing. We support the principal behind a new TOU option modeled on the residential low-

overnight pilot, and urge the Ministry to consider innovative demand management pilots. 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

cc: The Honourable Todd Smith, Ontario Minister of Energy
David Donovan, Chief of Staff to the Minister of Energy
OFA Board of Directors