

June 22, 2020

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

Dear Minister Rickford,

Energy Storage Canada is the national industry association representing the broad range of companies engaged in the energy storage business across Canada. Our membership represents all players along the energy storage value chain -- technology providers, project developers, investors and operators, electricity distribution companies and NGOs. We represent some of the largest energy companies in Canada as well as some of the smallest and most innovative clean-tech organizations.

Importantly, our members provide services, products, and support to a wide range of Ontario industry – from automotive suppliers, to cold storage operators, to manufacturing facilities big and small. These customers are aware of changes being proposed to the Industrial Conservation Initiative (ICI) for this summer. While we respect that some businesses would prefer to maintain their proportional share of Global Adjustment without “chasing peaks” this summer, many others have made capital investments and operational changes to provide these system benefits and participate in the ICI program.

As outlined in our briefing note that we submitted to your Ministry last week (please see attached) on the proposed freeze of the Peak Demand Factor (PDF) through imminent changes to Ontario Regulation 429/04 (O.Reg 429/04), these large industrial customers stand to be significantly and materially harmed by the proposed changes. A number of customers and businesses including Shell, Ford Motor Company, Arlanxeo, Husky Injection Molding, Kruger, Pilkington Glass, Parmalat, amongst many others have expressed serious concerns about the proposal to force ICI participants to use their 2019-2020 PDF, instead of allowing them to actively avoid peaks during the 2020-2021 baseline period. They rely upon the current PDF measures in O.Reg 429/04 to manage their energy costs efficiently and effectively, over and above any benefit they could obtain from their 2019-2020 PDF.

The proposed mandatory PDF freeze will harm these customers and the businesses that helped them implement energy efficiency measures and infrastructure by: (i) increasing energy costs (ii) stranding efficiency infrastructure, and (iii) increasing their and the province’s greenhouse gas emissions by a total of at least 110,000 tonnes per year (calculations attached). Further, it does so retrospectively, just weeks after O. Reg 429/04 was already amended and well into the PDF calculation period that all customers relied upon and legitimately expected to continue. This penalizes the business that did, and are continuing to do, the most to assist Ontario in its COVID-19 economic recovery. Beyond this, Class B customers could be harmed if a PDF freeze is enacted, forcing their costs up in 2021-22, coincident with the GA cost deferral resulting from the \$115/MWh cap being reapplied.

Given these facts and concerns expressed by our members' customers, we therefore respectfully ask that: (i) as outlined in our briefing memo reconsider instituting a PDF freeze or at a minimum, make the proposed PDF freeze optional for Class A customers; (ii) delay any proposed changes to O.Reg 429/04 in order to avoid retrospective regulation making; and (iii) due to the potential environmental implications post the proposed regulation changes to the Environmental Bill of Rights Registry (as required) in order to allow all affected stakeholders the proper opportunity to provide analysis to inform the policy decision that you may take.

We look forward to working cooperatively with you to achieve your proposed policy goals efficiently and effectively without the harm that will currently result from the proposed mandatory PDF freeze. We are committed to assisting you in your efforts.

Sincerely,



Justin Wahid Rangooni
Executive Director
Energy Storage Canada

cc: Hon. Doug Ford, Premier
Hon. Bill Walker, Associate Minister, Energy, Northern Development and Mines
Hon. Rod Phillips, Minister of Finance
Hon. Peter Bethlenfalvy, President of the Treasury Board
Hon. Vic Fedeli, Minister of Economic Development, Job Creation and Trade
Mr. Stephen Rhodes, Deputy Minister, Ministry of Energy, Northern Development and Mines
Mr. Steen Hume, Assistant Deputy Minister, Ministry of Energy, Northern Development and Mines