**MAX AICHER (North America)**

**Submission on ENDM Long-Term Energy Planning Framework Review**

**ERO 019-3007**

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We commend the Government’s efforts to remove the politics from electricity planning and to restore planning decisions to independent expert agencies.

However, in doing so, the Government must **ensure that the mandates, goals and objectives of those expert agencies include an obligation to consider the non-electricity impacts on Customers, including the impacts on the primary businesses of commercial and industrial Customers**. When Customers have to take action or change their business operations or routines in order to comply with or adopt complex electricity practices, programs or policies, that has an impact. That impact must be recognized and considered.

Agencies such as the IESO and OEB routinely consider the impacts of reliability on customers. Knowing that reliability failures can have significant negative impacts on Customers, their plans and policies are designed to avoid reliability failures.

Those agencies similarly routinely consider the impacts of electricity prices on customers. Knowing that high electricity costs can have significant negative impacts on Customers, their plans and policies are designed to keep prices as low as reasonably possible.

However, these agencies don’t currently consider, as a matter of course, the costs that Customers need to incur, or the investments that Customers need to make, or the operational adjustments that need to be adopted, merely in order to comply with the agency’s latest program, policy or decision. These can sometimes have negative impacts on Customers that far outweigh any benefits from improved reliability or reduced electricity costs.

**The vast majority of Customers are not in the electricity business, and have no interest in being electricity experts**. They are experts in steel production, or in manufacturing, or transportation, or construction, or retail services, or health care.

But when governments and agencies try to “help” address cost and reliability concerns by offering complex incentives, programs and policies, these Customers suddenly need to become experts in the field of electricity, and to focus on the electricity markets rather than on the steel or construction or retail business.

For example, when the Industrial Conservation Initiative was implemented, purportedly as a way to help industrial customers control and reduce their electricity costs, those Customers now had to (i) procure expertise in electricity peak forecasting, and (ii) in some cases, shut down their industrial operations on peak electricity days.

The government, IESO and OEB may have looked at the resulting reduction in electricity bills for those Customers and declared a success. However, had they also considered:

1. the costs associated with hiring electricity forecasting experts or paying staff to monitor IESO and weather forecasts;
2. the opportunity costs associated with the time and effort dedicated by senior company executives to understanding electricity markets, ICI regulations, Class A qualifications and applications, and peak shaving (when they could have spent that time focused on growing their core business);
3. the losses associated with shutting down or reducing production on peak electricity days;
4. the associated shut-down and start-up costs and losses; and
5. the resulting knock-on economic effects on:
   1. the employees who were sent home for the day,
   2. the manufacturers’ own customers whose product shipments were delayed, and
   3. the markets and pricing for just-in-time materials that were not produced,

they might have benefited from a more comprehensive and accurate picture of the relative benefits of the program, and realized that any success in reducing electicity was mitigated by losses in other areas.

The same applies even to residential Customers who have to change their daily home-life routines in order to comply. This may have unintended consequences on health (for example, if people’s sleep patterns are disrupted or meal times altered as a result of an electricity policy), or on employment, or on child care, or on safety.

Programs and policies designed to improve reliability and reduce electricity costs always have unintended consequences on Customers, their businesses and their home lives. Changes to energy policy and programs, regardless of what the changes are, always require Customers to expend valuable time, attention and resources to understanding the change and implementing their own operational changes as a result.

Whoever ultimately has a role in energy decision-making and long-term planning – whether it is the Government, the IESO, the OEB, the LDCs or some other agency – they must be explicitly mandated to consider not only the impacts on reliability, electricity pricing and long-term planning, but also the impacts of their decisions on Customers’ primary business operations or home lives, such as those described in items (i) to (v) above, for example.

**In short, our recommendation is to ensure that every agency involved in long term energy planning be mandated not only to consider and balance reliability, low costs, and price certainty, but also all of the other non-electricity impacts and consequences on customers and their primary business operations, and on ensuring that customers can continue to focus predominantly on their primary business operations.**