



Via ERO Online Submission

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Ministry of Energy, Energy Supply Policy Division  
7th floor, 77 Grenville Street  
Toronto, ON  
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Canada

Attn: Mathew Peltier

**Subject: Ontario Regulation 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements (23-ENDM035)**

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Hydro Ottawa Limited ("Hydro Ottawa" or "the Utility") appreciates the opportunity to submit feedback on the Ministry of Energy's ("Ministry") proposed amendments to [O. Reg. 429/04, Adjustments Under Section 25.33 of the Electricity Act, 1998](#), related to the treatment of corporate power purchase agreements ("PPA").

Hydro Ottawa is a Local Distribution Company ("LDC") serving approximately 360,000 customers in the City of Ottawa and the Village of Casselman. Hydro Ottawa is committed to delivering value across the customer experience by providing reliable, safe and responsive services to its customers.

Hydro Ottawa is supportive of the provincial government's aim to support customers managing their energy costs through the growth of new clean generation in the province. The proposal has the potential to support the province in meeting its supply needs while lessening the reliance on centralized supply procurement in Ontario, which could ultimately reduce overall system costs for ratepayers without the risk of higher costs. However, the Utility notes that details in the registry posting are vague. Hydro Ottawa therefore requests that the Ministry provide clarification prior to moving forward with the proposed amendments. In particular, Hydro Ottawa seeks clarification on eligibility criteria, framework administration and potential cost shifting issues. Hydro Ottawa's questions and general comments are contained herein.

## 1. Eligibility

The Ministry posting outlines that the proposed amendments would allow "qualifying" ICI participants to reduce their peak demand factors ("PDFs") by offsetting their demand in the five highest demand hours of a base period with certain eligible renewable generation contracted



under a PPA. Hydro Ottawa requests that the Ministry provide clarification on which ICI participants may be considered “qualifying”. **Would qualifying participants be limited to wholesale consumers? If so, would both embedded and non-embedded wholesale customers qualify? Would the eligibility criteria align with the size thresholds required under O. Reg. 429/04?**

The registry posting also indicates that the types of technologies that could be eligible under the proposal may include wind, solar, small hydroelectric (i.e., less than 10 megawatts), biofuel and battery storage. Noting that the proposed amendments aim to support the growth of “new” clean generation in the province, **Hydro Ottawa requests clarification as to whether it is intended that only “new” facilities would qualify? Would existing facilities coming off previous PPAs qualify as eligible under the new proposal?**

Additionally, **would the customer-generator relationship be a one-to-one relationship? Or would a qualifying facility be able to enter into contracts with multiple generators in order to reduce their PDFs?**

## 2. Administration

LDCs calculate their utility-wide Class A global adjustment peak demand factor (“PDF”) each year. Should eligibility be extended to distribution customers including non-transmission connected wholesale customers, there could be significant challenges calculating the offset PDF values, particularly if one or more of the PPAs contracted are not within the same service territory as the qualifying facility. Hydro Ottawa therefore seeks clarification as to **who would be responsible for calculating the offset PDFs?** In addition, to ensure that generation is not double counted, **who would be responsible for tracking which generators have entered into PPAs and for how much of the capacity and demand?**

Hydro Ottawa recommends that the Ministry consult further on these administrative details prior to the proposed May 1, 2024 implementation date.

## 3. Cost Shifting

Hydro Ottawa notes that if the program is intended solely for wholesale customers, there may be an increase in customer demand to become Wholesale Market Participants in order to be eligible. This could theoretically have an impact on distribution rates, should LDCs start to see larger customers elect to become wholesale customers rather than distribution customers.

Moreover, should the program be intended for non-wholesale customers (i.e. distribution customers), **how would this impact a utility’s distribution system-wide PDF?** Hydro Ottawa cautions that it is important to consider the principle of cost causality and ensure that Class A GA costs are not shifted to other ratepayer groups.



Lastly, should directly connected wholesale customers and embedded wholesale customers only be eligible, LDCs could see an increase in requests for customers to become embedded wholesale customers. Implications of this should be considered in order to ensure a smooth transition. For example, communication of the process (including roles and responsibilities), IESO equipment requirements and OEB and IESO administrative costs (such as annual fees and licencing).

Hydro Ottawa recognizes that this proposal signifies a step towards initiating a broader conversation on the role of corporate PPAs in Ontario's electricity market. There is an opportunity to have customers contribute to addressing supply requirements, assist in achieving ESG goals, foster greater economic growth, and enable customer choice in the energy sphere.

Hydro Ottawa appreciates the opportunity to provide comments on the Ministry's proposal to allow qualifying ICI participants to reduce their peak demand factors by offsetting their demand in the five highest demand hours of a base period with certain eligible renewable generation contracted under a PPA.

Sincerely,

DocuSigned by:

*April Barrie*

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