

June 21, 2024

Mr. Mathew Peltier
Energy Supply Policy Division
Ministry of Energy and Electrification
7th Floor, 77 Grenville St.
Toronto, ON M7A 2C1

Dear Mr. Peltier:

Re: Ontario Regulation 429/04 Amendments related to the treatment of Corporate Power Purchase Agreements ERO: 019-8666

As part of the Ontario Regulation 429/04 Amendments related to the treatment of Corporate Power Purchase Agreements (PPA), the Ministry of Energy and Electrification is proposing to allow qualifying Industrial Conservation Initiative (ICI) customers to offset their coincident peak demand through PPAs with non-emitting electricity suppliers that are not connected at the same site as the customer. In other words, the electricity injected from the eligible generator's facility would be treated as if it were connected behind the meter of the customer for determining a customer's peak demand factors (PDF) and monthly Global Adjustment (GA) charge. This proposal is expected to benefit the customers who participate in the Class A ICI program that are connected to many electricity distributors across the province.

The Electricity Distributors Association (EDA) represents local hydro utilities across Ontario. Ontario's electricity customers know that LDCs are their frontline representative to the electricity system. We are pleased to provide this submission in response to the request for feedback on amendments to O. Reg. 429/04 pursuant to ERO number: 019-8666.

We understand that the main motivation for this proposed regulatory change is driven by economic policy, aiming to provide businesses operating in Ontario with more options to meet their electricity supply needs affordably while also meeting broader environmental goals, such as the use of renewable energy sources. We acknowledge the important role of LDCs in the energy transition, supporting customers as they aim to meet their energy needs sustainably.

In our most recent report, "Solving Grid-Lock: Our Vision for a Customer-Centric Energy Transition", we highlight opportunities for LDCs to support the energy transition, including enabling our customers' choice with respect to supply options, such as:

- Customers now expect additional value from their electrical service, and electricity reliability and affordability are table stakes (minimum offering). For example, businesses

are seeking more flexible options for renewable energy supply to meet their environmental, social, and governance mandates.¹

- LDCs can also offer a range of programs to support customer choice in the adoption of renewable energy supply, such as green choice/green tariff programs.²
- LDCs are embracing innovation and adopting a customer-centric approach. Not only can LDCs drive economic development and foster social equity, but they also play a vital role in accelerating the transition towards a cleaner, more resilient energy system.³

Overall, we are supportive of providing customer choice and enabling customers to acquire their own electricity supply leveraging off-site renewable energy.

Based on the draft regulation materials, the Ministry is recommending restricting the ICI program to eligible generators and customers that are registered IESO **market participants**. What should be also recognized is that wholesale consumers connected to distribution systems receive invoices from LDCs for delivery of energy services, which includes the IESO's commodity charges. LDCs are currently responsible for the administration of the ICI program and billing it to those customers. Therefore, restricting the qualification details of the program to IESO market participants, if executed consistently with today's program, would not add an additional burden to LDCs other than a layer of review in the setup and qualification process.

That said, should the Ministry seek to expand participation beyond IESO market participants, it will need to consider the added administrative complexity for LDCs where eligible customers and generators that are subject to a PPA are not located within the same LDC's service territory. LDCs would need to be provided with the requisite information to ensure the PDF is applied to the eligible customer's determination of monthly GA charges. While these challenges are not insurmountable, LDCs would need a method of communication and visibility to update their billing and settlement processes to accommodate a change in customer invoicing for certain Class A customers. LDCs have worked closely with the Ministry, IESO, and OEB in the past to implement many changes to billing and settlement, including the recent Ultra-Low Overnight rate implementation.

We look forward to working with the Ministry, and our customers to find the most appropriate ICI qualification structure so that LDCs can successfully implement PPAs in the future. Please do not hesitate to contact Brittany Ashby, Senior Regulatory Affairs Advisor, at bashby@eda-on.ca or at 416.886.4420, if you have any questions or require anything further.

Sincerely,



Teresa Sarkesian
President & CEO

¹ EDA. (2024). Solving Grid-Lock: Our Vision for a Customer-Centric Energy Transition. Pg. 10.
<https://www.eda-on.ca/Portals/81/Vision%20Paper%202024/Solving%20Grid-Lock%20-%20EDA%20Vision%20Paper%20-%20April%202024.pdf?ver=MioKlIpVcTjxzdBZ8Q--GQ%3d%3d>

² Ibid. Pg. 14

³ Ibid. Pg. 16.