

Environmental Registry of Ontario

Mathew Peltier
Ministry of Energy, Energy Supply Policy Division
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Toronto, ON
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June 21, 2024

Re: Ontario Regulation 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements – [ERO #019-8666](#)

Dear Mathew Peltier,

The Atmospheric Fund (TAF) appreciates the opportunity for continued engagement on the proposed amendments to O. Reg. 429/04 related to the treatment of corporate power purchase agreements (PPAs). TAF is a regional climate agency that invests in low-carbon solutions in the Greater Toronto and Hamilton Area. Ontario is undergoing an energy transition, and we recognize the importance of promoting new clean generation growth.

We commend the province for these amendments, which are critical steps in meeting Ontario's evolving energy needs. We offer the following recommendations to make the process more efficient and inclusive:

1. Expand PPAs or similar mechanisms to all customer rate classes;
2. Include energy storage as an eligible hybrid solution;
3. Provide adequate lead time and procedural clarity for municipal support resolutions;
4. Align corporate PPA and Clean Energy Credit program frameworks.

TAF supports the proposed amendments as a step to facilitate greater investment in renewable energy across Ontario. During the previous engagement phase in December 2023, we expressed concerns that the changes focused on addressing barriers to PPAs only for Class A customers. Our concern remains that individual residents and small-to-medium-sized businesses cannot participate. It is crucial to ensure that all customer rate classes have access to renewable energy investment opportunities. **Expanding PPAs or similar mechanisms to all customer rate classes would enable energy generation at the most efficient scales and locations for ratepayers and enable participation for those whom behind-the-meter resources are not a viable option.** For example, the province could consider extending the community net metering pilot program (O. Reg 679/21) across Ontario, using lessons learned in the pilot phase to improve the regulation.

Establishing a viable PPA pathway is crucial to accelerating renewable energy deployment, lowering energy costs, and mitigating overall supply risk for customers. Allowing for the efficient siting of wind and solar projects lowers costs for participating customers, who might otherwise rely on more expensive behind-the-meter options or forgo renewable energy investments. This will also make Ontario a more attractive place to invest for global businesses with ambitious clean energy and climate goals. Additionally, community solar extends access to clean energy to individuals, regardless of their ability to invest in personal renewable energy systems, rental status, or home suitability for solar installations.

The proposed amendments will enable Industrial Conservation Initiative (ICI) market participants to offset their top five peak demand hours of a base period through PPAs, which will help these customers manage their global adjustment charges more efficiently with non-emitting energy. However, excluding storage limits the effectiveness of these changes and represents a missed opportunity to integrate generation technologies with storage solutions. Storage enables facilities to manage energy use better and avoid costly production shutdowns while still meeting their peak demand reduction goals. As noted in the provincial Consultation on Industrial Electricity Prices in 2019, participants have indicated interest in installing storage systems to avoid disrupting production. The Ministry acknowledges interest in such hybrid systems and plans to consider storage in future PPAs. **We urge prompt action to include these hybrid solutions, which offer a flexible and cost-effective way to manage peak demand without production disruptions.**

TAF also supports the proposed requirement for new generation facilities to obtain local municipal support resolutions to qualify under the proposed amendments. However, local governing bodies need adequate time, information, and procedural clarity to thoroughly evaluate the high-value energy projects they are presented. Often, councils are informed about proposed energy generation projects through a single consultation, leaving limited time for staff review and public engagement. PPA project processes seeking local support should include sufficient lead times for councils to fully understand proposed projects and their role in the broader energy system context.

As expressed in our previous engagement on proposed amendments to O. Reg. 429/04, we reiterate that the amendments should be in alignment with and complementary to the existing Clean Energy Credit (CEC) program. This requires ensuring that the design of both frameworks is compatible and that environmental attributes associated with non-emitting generation are not double-counted across the programs. In our view, this requires ensuring that any CECs generated by a PPA project are either bundled with the PPA or retired. Once underway, continuous evaluation of both programs will provide insight into their effectiveness and coordination.

TAF welcomes the proposed amendments as a step forward in advancing clean energy generation in Ontario. While corporate PPAs hold significant potential, it is crucial to address the uncertainties and barriers mentioned above to secure the participation of ICI members, and to enable participation across a broader set of customers. We appreciate the opportunity to provide feedback and look forward to continued collaboration for a cleaner energy future in the province.

Sincerely,
Bryan Purcell



VP of Policy & Programs
The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.