



April 9, 2019

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th floor  
Toronto, ON  
M4P 1E4

Board File No.: EB-2015-0043

*Submitted via email*

**Re: Staff Report to the Board - Commercial and Industrial Rate Design**

AMPCO is the voice of industrial power users in Ontario. Our mission is industrial electricity rates that are competitive and fair.

AMPCO has reviewed the Board Staff Report and is somewhat perplexed at its timing. Looking back to the initiation of EB-2015-0043, the initial letter which introduced the review of commercial and industrial rates at the distribution level is dated May 28, 2015 - almost four years ago.

In the intervening years, there was a single period of activity in 2016, where a discussion paper was published and comments sought. Since 2016 this file has remained dormant, until now, when a new Board Staff Report has been published - different from the 2016 discussion paper.

AMPCO agrees with the Board that industrial rates, in general, are a topic of great concern and deserving of attention. However, given the commitment of the Government to launch a public review of such rates, AMPCO feels the timing of the current Staff Report is potentially problematic.

*“The government understands the challenges to Ontario industry caused by the high cost of electricity. This is why the government, as part of its open for business policy, is launching a public review of current electricity pricing for industrial users. It will also review written submissions to assess what makes*

*sense and what does not, to better align with the needs of industrial consumers.”<sup>1</sup>*

This commitment was further reinforced on March 21, 2019 as part of the introduction of Bill 87 (*Fixing the Hydro Mess Act, 2019*)<sup>2</sup>, and the Government Consultation itself was announced on March 28, 2019 with an initiation date of April 1, 2019<sup>3</sup>.

Ontario’s electricity sector has many moving parts and its participants are currently engaged in numerous activities including those dealing with major changes such as Carbon Pricing, Market Renewal and Innovation. The Innovation area in particular could have implications for the approach taken in regard to overall risk and return in the sector - an area that could inform the C&I Rate Consultation. In a situation where it is possible to streamline or consolidate stakeholder initiatives, AMPCO believes that every effort should be expended to eliminate duplication of effort and confusion.

In this case, considering the above Government and OEB activity and given the previous pace of EB-2015-0043, AMPCO requests that the OEB delay its consideration of Commercial and Industrial Rate Design until after the Government consultation has been concluded. In this way, potentially competing initiatives can be avoided and stakeholder efforts can be better focussed.

Notwithstanding AMPCO’s general call for postponement, AMPCO wishes to highlight a few key issues within the Staff Report that deserve specific responses. Each of these issues would benefit from the additional discussion that could be had in the event of a general delay in the Commercial and Industrial Rate Design initiative:

- In AMPCO’s opinion, some of the key objectives as set out in the Report at pages 3-4 require modification:
  - The objectives dealing with Customers appear trite and somewhat patronizing. In AMPCO’s opinion, customers don’t want help in understanding the value of their connection or in leveraging new technology - they want price relief.
  - Maximizing the use of the current system and optimizing investment are reasonable, particularly within the context of Innovation and its potential for stranded costs.
  - AMPCO requires additional context on the notion of “stabilizing distribution revenues”. If this means maintaining revenues that are no longer earned, then AMPCO cannot support it. Additional discussion is necessary here, and the likely forum should be one of the Consultation groups dealing with Innovation.

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<sup>1</sup> “A Plan for the People” – Ontario Government’s Fall Economic Statement - 2018, page 49

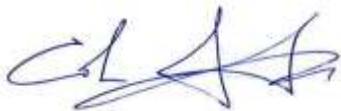
<sup>2</sup> Backgrounder - Keeping Electricity Affordable and Improving Transparency

<sup>3</sup> <https://www.ontario.ca/page/consultation-industrial-electricity-prices>

- The notion of a Capacity Reserve Charge is very much linked to the subject of Innovation and Enabling Distributed Energy Resources (DERs) and should be discussed in greater detail at one of the Innovation and / or DER consultation sessions.
- As set out in the Staff Report, Capacity Factors are to be specific to the technology and informed by how each generator is operated. Board Staff provided examples and expects to be able to refine the Capacity Factors before implementation. AMPCO recommends that the IESO and customers be included in refining any Capacity Factors to be used, and also suggests that, depending upon the specific operating circumstances, there should be some ability to review Capacity Factors if the numbers suggested do not reflect the operational reality of the situation.
- Conceptually, the paper calls for a “phasing in” of Capacity Reserve Charges (Section D.5), which fundamentally changes the economic evaluations that would have been performed by the Customer before an existing load displacement installation would have been approved and installed. In AMPCO’s opinion, this is unacceptable. Existing installations should be grandfathered to avoid this retroactive voiding of analyses that underpinned decisions of the past.

All of which is respectfully submitted.

Best Regards,

A handwritten signature in blue ink, appearing to read 'C. Anderson', with a stylized flourish at the end.

Colin Anderson  
President

cc. Doug Yates, AMPCO Chair