



January 12, 2015

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: Consultation on the Effectiveness of Part II of the *Energy Consumer Protection Act*, 2010, Board File No.: EB-2014-0158

Dear Ms. Walli:

I am writing this letter on behalf of the Ontario Co-operative Association, also known as On Co-op, a trade association and capacity-building organization that develops, educates and advocates for Ontario's 1,300 co-operative businesses. We provide our member-owners with programs, resources and networks that support their organizations and facilitate growth and opportunity. From the strong foundation provided by our membership, On Co-op **builds co-op awareness and vitality** and unites the co-operative movement in Ontario.

I am also a residential consumer of energy in Ontario and a non-consuming member of Ag Energy Co-operative Ltd. It is for these three unique roles that I am requesting consideration from the OEB for modification to the ECPA process.

I believe that there are opportunities for enhancements to the ECPA Act which would provide specific exemptions for energy co-operatives and, in particular, the only proven 26 year-old Ontario energy co-operative, Ag Energy Co-operative Ltd.

Co-operatives are legally incorporated businesses, and in Ontario are regulated by the Financial Services Commission of Ontario (FSCO), an agency of the Ministry of Finance. Co-operatives are democratic and value-based, formed to seize local opportunities and meet the needs of their member-owners. Ontario's diverse 1,300 co-operatives operate in more than 20 unique sectors of the Ontario economy, and contribute to the sustainability of more than 400 Ontario communities. As a trusted place to do business, co-operatives are chosen by more than 1 in 7 people worldwide. Twice as many co-ops remain in operation after ten years as any other types of business enterprise.

Provided they operate in accordance with fair business practices and the basic rules of conduct governing all energy marketers in Ontario, energy co-operatives should be permitted to offer services to low volume member consumers outside of the ECPA provided they obtain a written waiver from their members. This would give co-op members an expanded choice in their selection of energy marketers while still ensuring that all consumers who are not members of a co-op would still enjoy all the protections under the ECPA. I had such a choice prior to the introduction of the ECPA; however, Ag Energy found that the administrative

and reporting requirements became too costly for it to continue to serve small consumers. Rather ironically, the ECPA has made it prohibitive to provide affordable energy solutions to residential and small consumers in Ontario through a co-operative model in which consumers own and control the very entity providing them with their energy needs

The *Energy Consumer Protection Act* (ECPA) protects small and less informed users from bad or unfair practices. On Co-op fully agrees with that basic premise. However, the OEB should consider consumer-owned energy co-operatives as vastly different entities relative to the local utility, a privately held or publicly traded retail marketer. The energy co-operative model works with the specific intention of providing services and economic benefits to its membership, regardless of the energy purchased by that member. Energy co-operatives provide alternatives wherever they are desired. The consumer-member is provided with a set of alternatives or service choices that are meaningful to the specific members' situation – whether it is service level, length of contract or risk tolerance. The beauty of the community – social model of an energy co-op is the application of the collective's power for the benefit of all members, whether it is for savings due to usage balancing, transportation savings or the aggregation of demand. Prohibitive increases in service costs penalize all of the membership and as it is a model that competes against other options, the Co-op must remain competitive and focused on the needs of those it serves.

Ag Energy Co-operative Ltd. is a consumer-member owned, member-controlled co-operative. The Co-op provides natural gas and electricity to its membership. It provides information and education about energy market trends and forecasts. It also provides independent resources to ensure a member can make informed energy purchasing decisions. They also have trusted staff to support and communicate with membership as required. Working with a co-operative is a choice that a member makes. The success of an energy co-operative in the short, medium and long term, is to provide competitive services and additional benefits while operating in an ethical and transparent manner. Ag Energy has weathered 26 years of business with the communities it serves. It is a proven entity and works for the benefit of those it serves. It provides trusted advice and if the advice is to stay with the LDC, it will advise the member to do so. As it operates on a break-even basis for membership and it returns profits back to its members by means of patronage rebates, dividend payments or enhanced retained earnings, it is a meaningful alternative that benefits those who participate.

Prior to the ECPA, I procured my personal energy requirements from the Co-op. Since the ECPA's introduction, Ag Energy elected to refrain from participating due to the huge administrative burden that was imposed. The Co-op found that the regulatory changes made it ineffective at serving this member segment and as such had to back away from it. In spite of Ag Energy's decision, I have continued as a member as a form of support to the Co-op community but also to such a unique opportunity to serve Ontario. I am happy to say that even though I did not consume with Ag Energy in 2014, I am being awarded a dividend for being a member, which is a rarity in today's economy.

As with other for-profit co-ops, Ag Energy provides options based upon an ethical community based model that offers transparency, support, communication and member participation at various levels. As a member, I have one vote that I can apply alongside my peers at member meetings, AGMs or in the choice of its Directors, of which 80% must come from the membership. My voice is heard and can shape the Co-op's governance, strategy and business.

The OEB MUST protect the small consumer from unfair business practices. It also should encourage the benefit, choice and control that energy co-operatives provide. The OEB should also encourage the development and health of energy co-operatives as they contribute to the strength of the local economy

and help keep profits in Ontario. They also create jobs and provide great community and social participation by the very nature of the Co-op structure.

A unique solution to the current dilemma articulated here is to create a waiver similar to an "Accredited Investor". Proof of energy co-operative membership plus a waiver would be ideal, as it would provide options to those who seek them.

As an energy consumer and leader of the Ontario Co-operative Association, I want to exercise my choice of where to procure my energy. Ag Energy provides trusted support and it uses the buying power of the Co-op to ensure that my needs are consolidated with my peers (large and small) – whether it is for transportation, for the commodity or to balance between members. The member education and constant communication provided by the Co-op allows all of us greater transparency and understanding of our choices, which is much more than is offered by any of the alternative energy marketers.

Sincerest thanks for any and all consideration you provide to Ag Energy and any future energy co-operatives in Ontario.

Co-operatively yours,



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