



Ontario Federation of Agriculture

Ontario AgriCentre

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January 8, 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:

The Ontario Federation of Agriculture (OFA) supports enhancements to the ECPA Act which would provide specific exemptions for energy co-operatives and, in particular, Ag Energy Co-operative Ltd.

OFA is Canada's largest voluntary farm organization representing the interest of Ontario farm families. As a farmer-led organization we understand farm issues and we champion the interests of Ontario's farming community with governments and the public. Our members represent a large group of energy consumers as business and residential customers.

The OFA has a strong relationship with Ag Energy Co-operative, having collaborated directly with the co-operative on numerous energy projects that served our members' interests.

It is our view that the OEB should consider a waiver with proof of Membership for any individual or organization that wishes to join an energy co-operative in Ontario. Assuming the co-operative operates 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.

This modification would provide co-op members greater options while ensuring that consumers who are not members of a co-op would still enjoy all the protections under the ECPA. OFA's membership had greater options prior to the ECPA as our farm business members could choose Ag Energy as a valuable alternative to their existing options. This benefited the member and both organizations. However, with the introduction of the ECPA, Ag Energy found that the administrative and reporting requirements became too costly for it to continue to serve small consumers. Unfortunately, the ECPA rigour 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. OFA fully agrees with that basic premise. However, consumer-owned energy co-operatives differ vastly from local utilities and privately held or publicly traded retail marketers. Energy co-operative models fundamentally provide services and economic benefits to their membership, regardless of the amount of energy purchased. 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 as it is a model that competes against other options. Under all circumstances the Co-op must remain competitive and focused on the needs of those it serves.

Ag Energy Co-operative Ltd. is a member owned and controlled co-operative. The Co-op provides natural gas and electricity to its members. It provides information and education about energy market trends and forecasts and also provides independent resources to ensure a member can make informed energy purchasing decisions. They 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 lies in providing competitive services and additional benefits while operating in an ethical and transparent manner. Ag Energy has 26 years of service to the communities it serves. It has a proven track record and works for the benefit of those it serves, the agriculture, agri-tech and agri-food sectors. It provides trusted advice and if the best advice is to stay with the LDC, it will advise to do so.

Prior to the ECPA, the OFA had a partner program with Ag Energy for all of the membership. Since the ECPA's introduction, Ag Energy elected to refrain from participating due to the huge administrative burden that was imposed. Ag Energy found that the regulatory changes made it ineffective at serving this member segment and had to walk away.

OFA believes the OEB 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. Co-ops create jobs and provide great community and social participation by the very nature of their 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.

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

Sincerely,



Don McCabe
President