

May 18, 2016

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attn. Kristen Walli
Board Secretary

Re: Billing for Customers with Load Displacement Generators and Rate Design for Commercial and Industrial Customers (Board File No. EB-2015-0043)

Dear Ms. Walli,

QUEST in this context is representing the interests of a broad base of owners, developers, suppliers, LDC's and natural gas utilities involved in the operation or development of existing and new load displacement Combined Heat and Power (CHP). This group has become known as the Ontario CHP Consortium.

The OEB's letter of March 29, 2016 advising stakeholders of a planned review of electricity rates and charges as they apply to load displacement generation has created a great deal of uncertainty in the CHP marketplace. It is our position, based on actual observations and direct feedback, that the sentence "The OEB will undertake a review of the appropriate billing for other rates ...including Global Adjustment..." will for most potential owners or investors completely halt further investment in load displacement CHP generation.

There are numerous well documented facts that demonstrate the benefits of load displacement generation, especially high efficiency CHP projects. The OEB itself has provided approval through LDC rate applications where CHP represents over 35% of the LDC's CDM target reductions and incentive funds to customers from 2015 to 2020. As recently as April 22, for example, Minister Chiarelli publically congratulated Algonquin College on the successful installation of a load displacement cogeneration system. In addition, CHP provides measurable GHG reductions over the status quo, which is another Provincial Policy directive.

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Brent Gilmour,
MCIP RPP

As a stakeholder association, we do understand the drivers behind the OEB's move toward fixed and demand-based electricity rates over volumetric charges. We also acknowledge there are various costs in providing standby power services to customers with load displacement generation. There are, however, also significant benefits to the electricity system and technical points like diversity and coincidence factors to consider before simply applying a gross-load billing approach to load displacement generation vs any other energy reduction measure.

We would be happy to participate in these sorts of consultations and hopefully work towards electricity rate and billing designs that are fair to customers, investors and ratepayers.

However in the shorter term, we would like to see a more clear position from the OEB on the application of Global Adjustment (GA). The treatment of GA is the biggest factor that makes the economics work for ALL energy savings measures from LED light replacements right through to high efficiency CHP. If the OEB does not provide this certainty to load displacement CHP, we are concerned that there will be few projects that actually proceed. In addition, a change in GA allocation will put the investments already made through the CDM funds and by owners directly in serious jeopardy along with the energy reductions that the IESO and LDCs are now counting upon in their long term planning.

We would request that the OEB gives this urgent attention and respond as soon as possible.

Regards,

A handwritten signature in black ink, appearing to read 'Richard Laszlo', with a long horizontal line extending to the right from the end of the signature.

Richard Laszlo
Director, Research and Strategic Initiatives

On behalf of the Ontario CHP Consortium.