

1.1 Allow Ontario businesses to purchase surplus electricity at rates equal to or better than the exported price to other jurisdictions

HIGHLIGHTS

- The OCC is calling on the newly elected government to allow businesses to purchase surplus electricity at rates equal to or better than the exported price to other jurisdictions.
- This would allow Ontario to use more of the clean energy that is currently being wasted due to lack of storage capacities.
- This would significantly help Ontario businesses' bottom line and reduce Ontario's carbon footprint.

Between 2008 to 2016, Ontario's electricity prices have risen by 71 percent, far outpacing not only electricity price growth in other provinces but also increases in household income and inflation.¹ Following a detailed analysis of year-end data issued by the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG), the Ontario Society of Professional Engineers (OSPE) reported that in 2016, the province wasted (didn't use or export) a total of 7.6 terawatt-hours (TWh) of clean electricity. A total that equals the amount of power it would take to power more than 760,000 homes for one year, or a value in excess of \$1 billion. Meanwhile, Ontario continues to export more than 2 million homes' worth of electricity to neighbouring jurisdictions for a price less than what that electricity costs to produce due to excess supply.²

The OCC supports a plan under which small and medium-sized businesses (those that currently do not meet the requirements for the Industrial Conservation Initiative program) qualify for a voluntary fuel switching program for their hot water requirements. These systems are in every building in Ontario and the vast majority are currently powered by natural gas.

Utilizing inexpensive internet-based technology to retrofit water heaters to dual-fuel (natural gas and electricity), these systems would opportunistically use clean surplus electricity in the place of natural gas when the Independent Electricity System Operator (IESO) and local distribution companies (LDCs) signal the availability of wholesale surplus electricity and the availability of generation, transmission

and distribution capacity. This technology could also report qualified electrical consumption quantities to the LDC for billing discounts.

The price charged to consumers for this clean surplus electricity would be stripped of all delivery, debt recovery, transmission, and other regulatory charges—meaning it would come on an interruptible basis at its wholesale price, the same price and terms of delivery that it is sold to adjoining jurisdictions.³

The strength of this solution is that it has the ability to use a significant portion of the surplus electricity for thermal energy requirements currently being met by fossil fuels like natural gas, propane and heating oil. The benefits are even greater for businesses that use fossil fuels for other thermal applications such as building heating and process steam, where they can use more of the surplus electricity for their business to improve their bottom line and reduce their carbon emissions.

Clean power systems have very low energy costs and relatively high capacity costs. The present price plans are a relic of the time when the power system was high emission and energy represented a large component of total cost; this is no longer true for Ontario.

1 Jackson, Taylor, Ashley Stedman, Elmira Aliakbari and Kenneth Green. *Evaluating Electricity Price Growth in Ontario*. Fraser Institute, 2017. <https://www.fraserinstitute.org/sites/default/files/evaluating-electricity-price-growth-in-ontario.pdf>

2 Ontario Society of Professional Engineers. *Empower Ontario's Engineers to Obtain Opportunity: An Analysis of Ontario's Clean Electricity Exports*. https://www.ospe.on.ca/public/documents/advocacy/submissions/OSPE_Electricity_Export_Analysis.pdf

3 Ibid.