

June 3, 2020

Hon. Greg Rickford
Minister of Energy, Northern Development and Mines
Whitney Block
Room 5630- 5th Floor
99 Wellesley St. W
Toronto, ON M7A 1W1

Dear Minister,

Re: Ontario Retail Electricity Rate Reform

The Ontario Society of Professional Engineers (OSPE) is the advocacy body and voice of the engineering profession. Ontario currently has over 85,000 professional engineers, 250,000 engineering graduates, 6,600 engineering post-graduate students and 37,000 engineering undergraduate students. We wish to bring your attention to an opportunity not only to reform electricity prices to reduce energy bills for residents and businesses in Ontario, but also to:

- create new jobs in the Ontario energy, manufacturing and construction sectors,
- reduce unnecessary imports of fossil fuels into Ontario, and
- help achieve the governments emission reduction goals,

all at no cost to the electricity system.

This opportunity exists because Ontario has already decarbonized its electricity system. Low emission power systems are able to produce significant amounts of clean energy that are well beyond the needs of consumers for their usual electrical appliances and equipment. Currently Ontario exports over half of this surplus clean electricity at the low wholesale market energy price and curtails (wastes) the remaining amount that cannot be exported. There is no cost to the electricity system to make surplus electricity available to Ontario's own residential and business consumers at the same low price that Ontario exports it – namely its marginal cost of production. This is currently not possible because the present Ontario Energy Board (OEB) approved retail price plans impose much higher effective energy prices for that surplus electricity than its energy value for fossil fuel displacement. Consequently, Ontario consumers do not purchase it for fossil fuel displacement.

OSPE would like the government's support to permit Ontario consumers to purchase surplus clean electricity at its low wholesale market energy price so the surplus can be used to affordably displace fossil fuels. The fossil fuels we use in Ontario are primarily imported. The most important application for surplus clean electricity is electric car charging at night. The low wholesale market energy price will help consumers offset the higher capital cost of electric vehicles and accelerate adoption. Another important application is displacing fossil fuels (primarily propane and heating oil in rural Ontario) for hot water and space heating. The enabling technology are new OEB approved, voluntary price plans specifically designed for fossil fuel displacement.

Your government's plan to provide residential and small commercial businesses access to tiered electricity rates on a voluntary basis is a good option. However, OSPE would like the Ontario government to go further. OSPE would very much like to keep Ontario in the game for smart grid and smart city technology development and deployment. More environmentally conscious residential and businesses consumers want to reduce their emissions and avoid the coming increases in federal carbon taxes. These consumers will need a better designed retail electricity price plan that they can subscribe to voluntarily and retain at their option. This will allow them to

confidently invest in the necessary electrical control equipment so they can buy surplus electricity at night at its low wholesale market energy price.

For utility metering and billing convenience the new price plan rates for residential and small commercial consumers, would be fixed for a period of time. This is currently done for time-of-use rates and tiered rates which are reset every 6 months by the OEB. The low wholesale market energy price would only apply at night, precisely when significant quantities of surplus clean electricity are available most of the year.

The ability to purchase surplus electricity at the low wholesale market energy price can be easily achieved using one of the pilot plans recently tested by Alectra Utilities with approval from the OEB or a similarly based plan. Alectra's Low Overnight Price Plan allows consumers to access surplus clean electricity at night between midnight and 6 am. To capture surplus clean electricity at any time of day or night requires more complex price plans and metering that is not well suited to residential and small commercial consumers. **OSPE recommends using a simple Low Overnight Price Plan across the province for residential and small commercial consumers.**

OSPE is pleased to share some detailed analysis we have performed for a modified Alectra Low Overnight Price Plan designed for residential consumers. The new price plan allows consumers to affordably use surplus clean electricity to displace their fossil fuel use, reduce their emissions and save significant amounts of money on their total annual energy bill.

OSPE believes that these recommendations are essential for an affordable and environmentally sustainable energy sector in Ontario. We look forward to working with the government to further develop these recommendations.

If you have any additional questions or wish to arrange a meeting with us please contact Stuart Atkinson, OSPE Policy and Government Relations Lead at satkinson@ospe.on.ca or 416-223-9961 ext. 225.

Sincerely,



Réjeanne Aimey, P.Eng.
President & Chair
Ontario Society of Professional Engineers



Sandro Perruzza
Chief Executive Officer
Ontario Society of Professional Engineers

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CC:

Hon. Doug Ford, Premier of Ontario
Hon. Vic Fedeli, Minister of Economic Development, Job Creation and Trade
Hon. Bill Walker, Associate Minister of Energy
Richard Dicerni, Special Advisor and Acting Chair, Ontario Energy Board
Brian Bentz, CEO - Alectra Utilities
Peter Gregg, CEO - Independent Electricity System Operator