

**Ministry of Energy**

Office of the Minister

4<sup>th</sup> Floor, Hearst Block  
900 Bay Street  
Toronto ON M7A 2E1  
Tel.: 416-327-6758  
Fax: 416-327-6754

**Ministère de l'Énergie**

Bureau du ministre

4<sup>e</sup> étage, édifice Hearst  
900, rue Bay  
Toronto ON M7A 2E1  
Tél. : 416 327-6758  
Télééc. : 416 327-6754



APR - 8 2016

MC-2016-164

Mr. Steve Morrissey  
Mr. Martin Vroegh  
Co-Chairs  
Coalition of Ontario Manufacturers for Competitive Industrial Power Rates  
704-1500 Don Mills Road  
Toronto ON M3B 3K4

Dear Mr. Morrissey and Mr. Vroegh:

Thank you for your letter regarding Ontario's electricity supply. I appreciate hearing from you and welcome the opportunity to respond.

Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians. Prices are increasing because we need to continue to invest in the province's electricity infrastructure to modernize it, and make it cleaner and more reliable.

The industrial electricity price is projected to increase on average by two per cent per year from 2016 to 2020 inclusive. Over the longer term, the 2013 Long-Term Energy Plan forecasts that the average annual increase in consumers' costs will be generally in line with expected inflation, which has averaged about 1.7 per cent over the last 10 years (2006-2015). The government is committed to ensuring, where possible and appropriate, that industrial electricity rate mitigation programs help support a dynamic and innovative climate for businesses to thrive, grow and create jobs.

There are measures in place to mitigate industrial electricity prices, including the following:

- The **Industrial Conservation Initiative** lowers costs for eligible large electricity consumers (i.e., those with monthly peak demand exceeding three megawatts) that reduce consumption during peak hours. On average, this program helps save an average of 25 per cent on energy bills.
- The **Industrial Electricity Incentive** offers reduced electricity rates for companies starting or expanding operations in Ontario. To date, the Independent Electricity System Operator (IESO) has awarded 22 contracts to energy-intensive companies across the province through this program.
- The **Industrial Accelerator Program** provides financial incentives to eligible transmission-connected companies to fast-track capital investment in major energy conservation.

.../cont'd

- **saveONenergy for Business conservation programs for commercial and industrial consumers** offer financial incentives to distribution-connected small businesses, commercial, institutional and industrial consumers, to install energy-efficient equipment and improve the energy efficiency of their buildings.
- **Demand Response Auction** provides participating businesses with availability and utilization payments for reducing their electricity consumption when called upon by the IESO to do so to meet system needs.

The Ministry of Energy is also committed to Ontario's Open Government Initiative, which is about creating a more open and transparent government for the people of Ontario. We have been taking action to increase transparency in the electricity sector including looking for ways to provide greater clarity around electricity prices for all consumers.

For example, in December 2014, we launched the Ontario Energy Report (OER). The OER is released quarterly and provides an up-to-date snapshot of Ontario's energy sector including detailed information on the province's electricity prices. Since the first OER was published, we have added the following information to the most recent report:

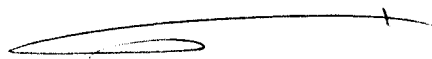
- Data on monthly Class A Global Adjustment;
- Distribution of average all-in prices paid in 2015 by transmission-connected consumers; and
- A table comparing Ontario indicative all-in industrial electricity prices to other Canadian provinces and US states.

Specifically, the 2015 Indicative Industrial Electricity Prices table demonstrates that both north and south Ontario indicative prices are less than the United States average, and the northern Ontario indicative price is less than the Canadian average. The report can be viewed online at [www.ontarioenergyreport.ca](http://www.ontarioenergyreport.ca).

By copy of this letter, I am asking that my Parliamentary Assistant, Bob Delaney, meet with you to discuss the points you have raised in your letter. Please contact Christina Cindric, my Communications Advisor, at 416-325-7747 or [Christina.Cindric@ontario.ca](mailto:Christina.Cindric@ontario.ca), to make arrangements. I look forward to hearing about your discussion.

Thank you again for writing and please accept my best wishes.

Sincerely,



Bob Chiarelli  
Minister

c: Hon. Brad Duguid, Minister of Economic Development, Employment and Infrastructure  
Bob Delaney, Parliamentary Assistant, Ministry of Energy  
Craig Ruttan, Policy Advisor (Electricity Supply), Minister's Office  
Christina Cindric, Communications Advisor, Minister's Office  
Paul Scrivener, Coalition of Ontario Manufacturers for Competitive Industrial Power Rates