

September 2, 2016

Rosemarie T. Leclair
Chair and Chief Executive Officer
Ontario Energy Board (OEB)
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Chair & CEO:

Re: Ontario Energy Board (OEB)'s decision to have cap and trade costs included in the delivery charge of utilities

Madame Chair:

On behalf of the 135 chambers of commerce and boards of trade who make up our network across Ontario, I want to express our collective concerns about the OEB's recent decision to include charges related to the recovery of cap and trade program costs in the delivery charge on utility customer's bills. The Ontario Chamber of Commerce (OCC) has publicly indicated support for the Province's efforts in dealing with climate change through the *Climate Change Action Plan* and specifically the decision to move forward with a cap and trade program which is designed to significantly reduce GHG emissions and deliver a lower carbon future for all Ontarians.

Chair, in the ramp up to the last election and in the months that followed, Ontario's business community was more than pleased to hear that the Premier will be expecting her government to be the most transparent and accountable government anywhere in Canada and that she will always work to ensure the broadest consultation and the most transparent process when it comes to implementing new policies in the province of Ontario.

We believe that this exemplary doctrine should be applied across all parts of the government and the various stakeholder agencies and crown corporations that support it.

Unfortunately, this decision of the OEB seems on the surface to run counter to that doctrine of transparency.

Indeed, the entire premise of a cap and trade program is to place a price on carbon in order to motivate customers to take action and change behavior. This could be achieved through various programs to reduce consumption and associated emissions.

To remove this line of sight from customers would make it far more difficult to achieve GHG emissions reductions, and would likely result in increased costs for businesses and consumers as the price of

carbon increases over time. This is not consistent with the philosophy of the program, and is in our view, not in the public interest.

Why Cap and Trade related costs need to be a separate line item on utility customer's bill

Transparency:

- Cap and trade related costs should be a separate line item on the bill in order to provide greater transparency and visible price signals to customers. We presume that the OEB agrees that it is important to provide customers with the information they need to better understand energy costs so that they can make appropriate choices about their energy use. This is fundamental to the principle of transparency and necessary to meet the emissions reduction objectives of the cap and trade program.
- As a separate line item on the bill, it will allow customers to easily compare their month-to-month emissions costs, emphasizing the value of reducing their usage. This same practice of separating the carbon charge has been implemented in other Canadian jurisdictions (Québec and British Columbia) for the same reasons of transparency and encouraging demand response.
- Ontario businesses cannot properly manage and reduce their usage of fossil fuels when they cannot directly see what the actual cost of cap and trade is on their utility bills.
- Tariff sheets on a utility's website alone cannot be used to successfully identify these costs in a transparent way.
- Displaying the cap-and-trade charge as a separate line item will create a direct carbon price signal on utility bills in order to encourage customers to use less gas and invest in energy efficiency measures.
- A separate line item is a necessity in order to educate and influence customer behavior.

Efficiency:

- The charge should be separated to enable customers to confirm that they had been charged the appropriate amounts, recognizing the different treatment of Large Final Emitters (LFEs) in relation to the recovery of customer-related obligation costs.
- Embedding customer-related cap-and-trade costs in an existing billing line item would potentially result in more customer confusion and inquiries as customers seek to understand and verify their bills, potentially resulting in even higher energy costs for Ontarians.

Sectoral Applications:

- Large gas users, in particular LFEs, agree that the charge should be separated to enable them to confirm that they had been charged the appropriate amounts, recognizing the different treatment of LFEs in relation to the recovery of customer-related obligation costs.

Exemptions:

- This decision also raises unanswered questions. Some users of fossil fuels are currently tax exempt e.g. farmers and First Nation communities. However, are they expected to remain tax exempt when the cost is rolled into other (delivery) charges on the purchase of gasoline, diesel, propane or natural gas?

Madame Chair, our chambers believe that the transparency of the cap and trade program is an essential component of driving changes in customer behavior, which is fundamental to achieving the government's emissions reduction objectives. All natural gas customers need to see the cost of carbon

allowances clearly identified on their bills to make informed decisions in respect of that price signal. We would therefore respectfully request that the OEB reverse this decision in the interest of successfully moving the cap and trade program forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan O'Dette". The signature is fluid and cursive, with the first name "Allan" and the last name "O'Dette" clearly distinguishable.

Allan O'Dette
President & CEO
Ontario Chamber of Commerce

Copies to: Premier Kathleen Wynne, Energy Minister the Hon. Glenn Thibeault