

## Businesses paid not to use power

### Ontario program brings energy savings right to bottom line

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When temperatures soared across Ontario this week, businesses like Magna, Royal Group, Canada's Wonderland and Lear Corp. in southern Ontario responded by cutting back on their power use.

It was a responsible thing to do and helped the York Region's hydro service deal with the exceptional demands of near-record temperatures.

But the companies, along with others in a pool managed by Rodan Energy, got more than the satisfaction of doing their part for the community good. They got paid for not using electricity.

Rodan's payment structure "is confidential," said Caroline Lofthouse, a spokeswoman. But the concept of paying companies for what they don't use is about to become a lot more widespread.

The York Region program was one of two pilots for a provincewide "demand response" program that the Ontario Power Authority hopes to introduce by the end of this month.

Proposed rules for the program, officially known as Demand Response 3 (DR3), were posted on its website ([powerauthority.on.ca](http://powerauthority.on.ca)) this week.

By this fall, "aggregators" like Rodan, which will pool electrical capacity from many companies and institutions, are likely to be scouting small- and medium-sized businesses in Ottawa and many other areas, seeking to round up power commitments to sell to the province under the program.

Under terms of the Ontario Power Authority's (OPA) Demand Response program, participating companies will be paid two ways. First, they'll get a payment for standby capacity -- or the promise to deliver power when asked to do so. Then they'll get paid for the megawatts they don't use, when called upon to conserve.

The goal by 2010 is to sign up 500 megawatts of power that can be shifted from users in the program to meet other demand and keep supply and demand in balance. That roughly amounts to the output of a small nuclear power plant, which wouldn't have to be built if conservation can generate the same amount.

Under terms of the draft agreement, contractors must agree to provide at least 25 megawatts of power on demand to the system over a specified number of days and at a price agreed upon in a contract.

While prices vary according to system demand in different parts of the province, much of Ottawa falls into the higher need area with premium rates.

Under one pricing scenario in a two-year contract for Ottawa, the supplier would get paid \$2.5 million per year for providing "standby capacity" that could be called upon and another \$500,000 for 100 hours of actual power conservation during a demand period.

Patterned after the Negawatt programs in California and other states, Ontario's demand-response program is described as the first of its kind in Canada.



CREDIT: Pat McGrath, The Ottawa Citizen

On summer's hot and hazy days, a new conservation program will pay companies to deliver power to the provincial grid when asked to do so.

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