

# Memorandum

**To:** Stakeholder Advisory Committee

**From:** Tam Wagner, Director, Energy Efficiency

**Date:** June 28, 2022

**Re:** IESO Business Update – Energy Efficiency

The following provides an update to members of the Stakeholder Advisory Committee on energy-efficiency related items.

## 1. 2021 – 2024 Conservation and Demand Management (CDM) Framework

### New Programs Launch:

#### Industrial Energy Efficiency Program

In April, the Industrial Energy Efficiency Program (IEEP) was launched following a comprehensive stakeholder engagement and outreach process throughout 2021 and early 2022. The program supports industrial customers across Ontario, offering them up to \$5 million in financial incentives for each large, complex industrial energy-efficiency project accepted into the program. Eligible projects will deliver electricity savings using proven commercial technologies to lower energy consumption and reduce electricity bills.

The IEEP provides overall total funding of nearly \$80 million over two competitive rounds of funding to be initiated in 2022 and 2023. In each round, participant applications will be ranked on the electricity savings their projects can achieve cost effectively, among other criteria. The organizations with the highest-ranked applications will be eligible to receive funding for their project(s).

The IEEP will help reduce Ontario's overall demand for electricity, with energy savings of 330 GWh and 37.6 MW of peak demand savings expected to persist to 2026. More information about the program can be found on the Save on Energy website.

### My Energy Action Plan

In March, My Energy Action Plan (MEAP), a new resource supporting residential electricity consumers in Ontario, was launched. Using a simple online questionnaire, users will be asked a series of questions about their personal hobbies, lifestyle and living situation with a goal of providing a tailored energy action plan based on their responses. The plan provides energy-efficiency tips, advice and program information. MEAP also includes information on other energy programs and incentives where applicable, such as those offered by the Ontario Energy Board and Enbridge.

MEAP is designed to educate and increase awareness of residential consumers on low- and no-cost ways to improve the energy efficiency and comfort of their homes, manage their electricity use and save on energy costs. Over time, MEAP can evolve to reflect new residential programs and incentives that may be offered under the CDM Framework. Access MEAP [here](#).

### First Nation Community Building Retrofit Program

In early July, the First Nation Community Building Retrofit Program (FNCBRP) will launch. FNCBRP will provide funding and technical support to on-reserve First Nation communities undertaking energy-efficiency projects. These projects are intended to improve the efficiency of their band-owned facilities, manage their electricity use more effectively, and save on energy costs. The FNCBRP offers at no cost to eligible participating communities:

- Up to \$100,000 in funding towards the installation of energy-efficiency upgrades in on-reserve band-owned and operated commercial and institutional buildings.
- On-site energy assessments and audit report identifying energy-efficiency projects on up to four facilities chosen by the participant.
- A community benchmark report to compare energy use of buildings with other similar buildings with the goal of prioritizing buildings for further assessment.
- Project support from Save on Energy's program delivery partner.

This program is delivered through either a direct install (via delivery partner) or a community install track (via the community) to best suit community needs and preferences.

The FNCBRP is expected to deliver 10 GWh of energy savings across approximately 70 First Nation communities in Ontario.

### **CDM Mid-Term Review:**

The 2021-2024 CDM Framework Ministerial Directive requires that the IESO submit a Mid-Term Review report to the Minister by December 31, 2022. The Directive sets out topics to be covered in the report, which include reviews of system needs, customer needs, competitive mechanisms and program performance to date. The IESO initiated an engagement in April to inform the recommendations; a second engagement will be held during the Engagement Days in July. This engagement is being supplemented with direct outreach to customers and delivery partners. Key themes that have emerged to date include customer focus on decarbonization and how energy efficiency can support this transition, continued impacts of COVID-19 on supply chain and economic recovery, local needs and opportunities for local distribution companies.

The Mid-Term Review work is being coordinated with other IESO initiatives including the Pathways to Decarbonization project, the Annual Acquisition Report, Annual Planning Outlook, and the Regional Planning Process.

### **Annual Acquisition Report – Minister’s Report Back:**

In response to the 2022 Annual Acquisition Report (AAR), the IESO received a letter from the Minister of Energy requesting the IESO consider options for cost-effective additional or expanded CDM programming to meet system needs and to report back by July 2022. In addition, the Minister requested the IESO provide advice on how to manage the interest in CDM programs from the growing agricultural greenhouse sector in Southwest Ontario.

Through the CDM Mid-Term Review, the IESO was already undertaking engagement and analysis activities that would support the Minister’s ask; as a result of the Minister’s letter, the IESO is focusing on new and enhanced CDM opportunities that can be brought to market in short order to address the increased system needs that are forecast as early as 2025. As such, these near-term CDM opportunities will help maintain reliability with a focus on the 2025 system needs, meet emerging customer needs, foster economic growth, and support decarbonization goals provincially and regionally, including in Southwest Ontario.

Other CDM program opportunities will continue to be assessed and considered through the CDM Mid-Term Review due to the Minister at the end of 2022. The IESO encourages stakeholders to provide feedback to inform the near-term CDM opportunities to address the needs outlined in the 2022 AAR, as well as the 2021-2024 CDM Framework through the CDM [Mid-Term Review engagement](#).

### **2021-2024 CDM Framework Progress:**

With the ongoing delivery of business and support programs such as Retrofit and the Energy Affordability Program, as well as the continuous launch of new programs, the IESO continues to make positive progress towards achieving the peak demand and energy savings targets for the 2021-2024 CDM Framework. While the impacts of the COVID-19 pandemic continued in Q1 of 2022, the IESO is starting to see evidence of economic recovery and will update its forecast and provide an update on progress towards targets through the CDM Mid-Term Review.

## **2. 2019 – 2020 Interim Framework**

With the support of the Ministry, the IESO is further extending the July 31, 2022, timeline for the completion of Interim Framework Retrofit projects to December 31, 2022. In addition, the project completion deadline for some Process and Systems Upgrade (PSU) projects is being extended on a case-by-case basis to June 30, 2023. These extensions are intended to offset the disruptions that continue to be caused by COVID-19 and provide stability for participants and those businesses involved in delivering conservation and demand management programs.

### **3. Conservation First Framework**

The IESO received a Ministerial Directive dated December 9, 2021, to enable local distribution companies to further extend timelines for the completion of projects under certain eligible programs under the Conservation First Framework (CFF) to August 31, 2022. If certain conditions are met, these completion deadlines could be extended further to December 31, 2022. These extensions are intended to offset the ongoing disruptions to project timelines caused by COVID-19 and to provide stability for program participants and those businesses involved in the delivery of conservation and demand management programs under the CFF. This is expected to be the last extension of project completion deadlines under the CFF; no further extensions are anticipated to be provided.