

Ministry of Energy

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OCT 26 2017

Mr. Peter Gregg
President and Chief Executive Officer
Independent Electricity System Operator
1600–120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Gregg

RE: Amendments to Ministerial Directions Arising from the Long-Term Energy Plan 2017

I write in my capacity as the Minister of Energy in order to exercise the statutory power I have to amend or revoke continued directions issued to the Independent Electricity System Operator (IESO) under the *Electricity Act, 1998*, as amended (the "Act").

This direction implements *Delivering Fairness and Choice* by making the following changes to conservation and Indigenous support programs.

Background

Conservation

On March 31, 2014 the then Minister of Energy issued a direction to the Ontario Power Authority (now IESO) to coordinate, support and fund the delivery of Conservation and Demand Management (CDM) programs through electricity distributors to achieve a total of 7 terawatt hours (TWh) of reductions in electricity consumption between January 1, 2015 and December 31, 2020. The Distributor CDM target was set in order to remain on track to achieve the provincial target of 30 TWh in 2032, as outlined in the 2013 LTEP, *Achieving Balance: Ontario's Long Term Energy Plan*.

Delivering Fairness and Choice commits to expand the scope of conservation to recognize distribution system energy efficiency, and seeks to align conservation initiatives with initiatives identified in the 2016 to 2020 Climate Change Action Plan.

Support Programs

On November 21, 2014, the then Minister of Energy issued a direction to the Ontario Power Authority (now IESO) to improve and streamline various Energy Partnership Programs, including the Aboriginal Energy Partnerships Program ("AEPP"). The IESO was directed to consolidate certain programs, including the Aboriginal Renewable Energy Fund and Aboriginal Transmission Fund portions of the AEPP, into one new program consisting of two funding streams: the Partnership Stream, and the Project Development Stream.

Direction

Therefore, pursuant to my authority under subsection 25.32(11) of the *Electricity Act, 1998*, I hereby make the following amendments to the directions listed below:

1. Conservation

With respect to the Ministerial Direction dated March 31, 2014, titled "2015-2020 Conservation First Framework":

1.1 Section 7 is amended by adding the following:

7.2 Notwithstanding the definition of CDM set out in Section 7.1, CDM shall be considered to exclude behind the meter customer generation that uses fossil fuels purchased from or otherwise supplied by a third party as a primary fuel source where the application for the project is received by the IESO on or after July 1, 2018. For greater clarity, CDM shall continue to be inclusive of behind the meter generation, where the generation of electricity is primarily from heat or fuel that is a waste by-product of a facility.

7.3 Notwithstanding the definition of CDM established in Section 7.1, the IESO shall allow reduced electricity consumption resulting from any measures a Distributor uses to maximize the efficiency of its new or existing distribution system infrastructure, excluding general plant buildings and fixtures, to count towards a Distributor's CDM Target for the purpose of the Distributor being eligible to receive the tiered performance incentives described in Section 1.6(i) at the end of the 2015-2020 Conservation First Framework.

1.2 Section 5 is amended by removing and replacing 5.1 with the following:

5.1 The IESO shall continue to produce and publish an annual report on overall progress toward achieving the provincial CDM target of 30 TWh, including contribution to the target achieved through each of the following:

- i) Province-Wide Distributor CDM Programs,
- ii) Local Distributor CDM Programs,
- iii) measures used by a Distributor to maximize the efficiency of their new or existing distribution system infrastructure, excluding general plant buildings and fixtures, where the resulting electricity reductions are counted towards a Distributor's CDM Target by the IESO,
- iv) demand response programs,
- v) programs for transmission connected customers, and
- vi) product codes and standards.

The annual report shall cover the period from January 1 to December 31 of the previous year.

With respect to the Ministerial Direction dated July 25, 2014, titled "Industrial Accelerator Program":

1.3 Section 6 is amended by adding the following:

6.2 Notwithstanding the definition of CDM set out in Section 6.1, CDM shall be considered to exclude behind the meter customer generation that uses fossil fuels purchased from or otherwise supplied by a third party as a primary fuel source where the application for the project is received by the IESO on or after July 1, 2018. For greater clarity, CDM shall continue to be inclusive of behind the meter generation, where the generation of electricity is primarily from heat or fuel that is a waste by-product of a facility.

2. Support Programs

With respect to the Ministerial Direction dated November 21, 2014 titled "Support Programs":

2.1 References to "Aboriginal" shall be replaced with "Indigenous".

2.2 Section 1 is amended by deleting "soft" in section 1.2.

2.3 Section 1 is amended by deleting section 1.3.

2.4 Section 1 is amended by deleting "...under the FIT and Large Renewable Procurement ("LRP") Programs" in the third and fourth line of section 1.4 and deleting "...under the FIT Program" in the fifth line of section 1.4.

2.5 Section 4 is amended by deleting the phrase “major transmission lines” in the fourth line and replacing it with “transmission facilities”.

2.6 Section 4 is replaced by:

“First Nations and Métis shall also be eligible for funding from the Partnership Stream for the due diligence work required to assess and develop opportunities for participation with licensed transmitters, or entities seeking to become licensed, in those future transmission facilities that have been included in regional plans, bulk system plans or the Long Term Energy Plan and for which the Ministry has determined it is prudent to commence development work, including but not limited to the East-West Tie Expansion Line, the Transmission Line to Pickle Lake, the Northwest Bulk Transmission Line, Remote Community Connections, or others that may be conveyed to the IESO by the Minister in writing.”

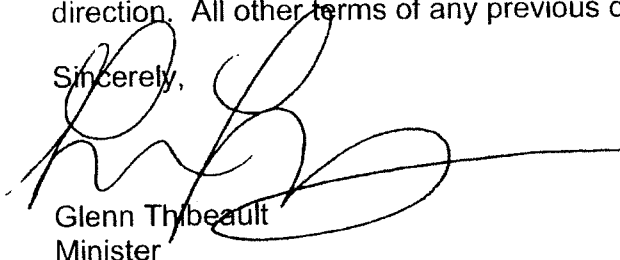
2.7 Section 5 is amended by deleting the phrase “and Aboriginal Renewable Energy Network (“AREN”) and deleting the phrase “and to provide a web-based resource for conservation and renewable energy development respectively” along with such other modifications as are necessary.

2.8 Section 6 is amended by deleting the phrase “municipalities, public sector entities, and co-operatives”.

2.9 Section 7 is amended by deleting the acronym “AREN” in the second line.

This direction takes effect on the date it is issued. It supplements and amends previous directions to the extent that a previous direction is inconsistent with the provisions of this direction. All other terms of any previous direction remain in full force and effect.

Sincerely,



Glenn Thibeault
Minister

- c. Tim O'Neill, Chair, Independent Electricity System Operator
Serge Imbrogno, Deputy Minister, Ministry of Energy
Maud Murray, Director, Legal Services Branch,
Ministries of Energy; Economic Development, Employment and Growth;
Infrastructure; Research, Innovation and Science; and Accessibility