

# Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, VP, Conservation and Corporate Relations

Date: May 5, 2016

**Subject: IESO Business Update – Conservation**

This memorandum provides updates to the Stakeholder Advisory Committee (SAC) on initiatives within the Conservation First Framework (CFF).

## ***peaksaver*PLUS**

Following the stakeholder engagement initiative on the future of the *peaksaver*PLUS program, the IESO has confirmed with LDCs that it will no longer fund the installation of new devices and customers will no longer have the ability to enroll. The program will continue to be maintained to ensure LDCs receive funding for the maintenance of currently enrolled devices. The IESO is working with LDCs to address any concerns over remaining device inventory that has not yet been installed.

The *peaksaver*PLUS program has been integral to engaging LDC customers and establishing a Residential Demand Response (DR) presence in Ontario. However, the program was only marginally cost-effective in 2014 and devices relied on outdated, one-way paging technology that does not provide confirmation that DR has actually occurred. More technologically-advanced devices are now available that include two-way communication and offer more reliable DR capabilities.

In response to a March 31, 2014 direction from the Minister of Energy, the IESO is transitioning DR programs to the IESO-administered market, including *peaksaver*PLUS. The IESO is working with LDCs and other stakeholders through the Demand Response Working Group to facilitate participation of Residential DR in the IESO's annual DR Auction. Residential DR's participation in the DR Auction will ensure that the cost of this resource best reflects its market value.

## **Achievable Potential Study**

In collaboration with the Achievable Potential Working group, the IESO has been undertaking an Achievable Potential Study to provide an updated estimate of the short-term electricity conservation potential that is achievable within CFF. The results will be used to inform the

midterm review of the CFF which will take into account multiple inputs in addition to the APS, such as a review of eligible CDM Plan expenses, LDC progress to CDM Plan targets and input from customers and channel partners.

Draft results are available for the energy efficiency component of the APS. The results indicate a province-wide budget-constrained achievable potential of 6.7 TWh of persisting reductions between 2015 and 2020. These results represent approximately 96% of the current provincial target of 7 TWh by 2020. Of this potential, 23% is from residential measures, 68% is from commercial measures, and 9% is from industrial measures. In all three sectors, the most substantial potential over the short term is still found through conservation measures that target lighting.

The APS involves two parallel studies: an energy efficiency APS, and a behind-the-meter generation (BMG) APS. The methodology used for the short term energy efficiency APS has focused on a bottom up approach by LDCs taking into account the segmentation of their customers and past participation in conservation programs. A long-term analysis is also being conducted to determine province-wide achievable potential from 2015 – 2035.

The final achievable potential will incorporate the results from both the energy efficiency and BMG component.). Integrating the energy efficiency and BMG components of the APS will increase the budget-constrained achievable potential for 2020 beyond 6.7 TWh. The results of both studies will be released on June 1<sup>st</sup>, 2016

### **Conservation and Demand Management Information Solution (CDM-IS)**

Configuration and testing continues on the Conservation and Demand Management Information Solution (CDM-IS). Feedback from LDCs on the current functionality of the solution indicated that key requirements were not available and recommended that the IESO defer the release of Retrofit Program in CDM-IS (planned for June 30th) until these requirements can be met. The vendor (Nexant) has confirmed these requirements will be addressed as part of an upcoming release planned for Q3 2016. Based on the recommendation from LDCs and input from the vendor, the IESO will proceed with enhancements to the existing solution (iCON) to ensure LDCs continue to process customer applications until CDM-IS is available.

In the interim, the project team will continue to move forward with the configuration of Residential Programs (Coupons, HVAC and Home Assistance Program) as part of CDM-IS, along with the settlement and reporting functions planned for mid-summer release.

A project schedule for the release of Residential Programs and Retrofit is currently under development by the IESO and key project stakeholders. The revised schedule will incorporate input from the vendor, and feedback from LDCs on the current system configuration. Updates on these activities, project status, and the revised schedule will be shared with the LDC community and key stakeholders to provide greater awareness on the progress of the CDM-IS.