

Feedback Form

2021-2024 Conservation and Demand Management Mid-Term Review – July 19, 2022

Feedback Provided by:

Name: Tina Wong

Title: Senior Policy Advisor

Organization: Electricity Distributors Association (EDA)

Email: [REDACTED]

Date: August 9, 2022

Following the July 19, 2022, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by August 9, 2022. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Competitive Mechanisms Review

Topic	Feedback
<p>What conditions are needed to further enable innovation and market-based solutions? Are there success stories that can be shared from experiences in other jurisdictions?</p>	<p><u>Mechanisms in other jurisdictions:</u></p> <p>Ontario’s LDCs have direct and trusted relationships with their customers and know how to engage with them about CDM. Similarly, customers look to LDCs for advice, guidance and support in their energy affordability and sustainability goals. Enabling more LDCs to directly participate in CDM activities, like the many utilities described in IESO’s North American scan on slide 20, would further foster innovation and market-based solutions.</p> <p><u>Access to data:</u></p> <p>Ontario’s LDCs interact directly with all of Ontario’s electricity customers, except a few large direct transmission-connected customers, and can reach them across the province, be they residential, commercial, agricultural, or industrial power users. LDCs also have strong working relationships with the municipalities in their service territories, particularly as a partner in their climate action plans.</p> <p>Sharing of data by the IESO with LDCs would further enable innovation and market-based solutions. With insights from that data, LDCs would be better equipped to customize program designs in a local context and maximize benefits to customers. Moreover, increased transparency through the sharing of data would be constructive to show more granular forecasting and performance improvements, as well as more accurate LDC load forecasting.</p> <p>Providing detailed, data-driven insights in the context of well-established relationships that LDCs have with customers and municipalities would further enable innovation and market-based solutions.</p>

Customer Needs and Program Review

Topic	Feedback
Are there additional program gaps that should be addressed?	<p><u>CDM beyond the Local Initiatives Program (LIP):</u></p> <p>We encourage the IESO to be more inclusive of LDCs that want to participate in CDM through the delivery and business development of provincial programs, given the short-term need in 2025. Limiting participation only to LDCs selected by the IESO within the LIP does not leverage the knowledge and customer relationships of LDCs throughout Ontario and limits the overall potential of valuable and cost-effective CDM programs. Expansion of programming beyond 2024 for residential programs, income-eligible programs, small business programs, decarbonization opportunities, new construction, and load management would align with many municipal climate change objectives on which LDCs are working closely in their respective jurisdictions. The LIP would benefit from increased flexibility, where LDCs could access funds, conditional on a cost-effectiveness criterion, to deliver CDM programs.</p> <p><u>Collaboration with Enbridge:</u></p> <p>LDCs whose service areas also have natural gas customers are open to moving forward in collaborating with Enbridge, and other gas utilities, on CDM programs and initiatives, where practical. During prior conservation frameworks, LDCs familiarized with Enbridge’s initiatives and identified alignments. Coordinating between power and gas utilities could potentially streamline actions and undertakings by customers, while maximizing their energy and cost savings.</p>
Are there additional enhancements for the income-qualified or First Nations programs that could be considered?	The EDA has no comments at this time on additional enhancements for income-qualified or First Nations programs, other than the above-noted expansion recommendation.

Are there any implementation considerations you see with any of the program opportunities?

In particular,

What enhancements would be desired for the Custom Retrofit initiative if it were to be re-instated?

For the greenhouse sector, are there any additional measures that should be considered?

Are there additional opportunities for the residential sector that should be considered?

Custom Retrofit initiative:

Proposed enhancement: Encourage re-engagement of Custom Retrofit initiative customers with an incentive, based on previous project completion milestones.

Rationale: The Custom Retrofit Initiative allows participants to be creative and explore unique scenarios that work for them. Historically, participants tended to be more invested in custom solutions which quite often have lower free ridership than prescriptive efforts. Capitalizing on an invested participant scenario offers an opportunity to find innovative ways to drive a participant's next energy action.

Greenhouse sector:

Additional measures for consideration: Energy efficiency should be considered for their applications. There may be interest in subsidies for LED conversion.

Residential sector:

Additional opportunities for consideration:

Developing programs in this space should support and leverage the formal climate initiatives underway in many of Ontario's municipalities. Since programs may originate from multiple levels of government, particularly in support of federal net-zero goals, coordination to optimize program coverage will be essential to avoiding customer confusion.

The residential market for CDM is underserved. Initiatives designed to optimize customers' existing energy use (e.g. selling HVAC equipment and electric heat pumps) would provide momentum towards installations contributing to electrification and decarbonization (e.g. solar PV, space heating/cooling, water heating). As customers are driven by upfront costs, channels selling equipment require education and training to properly size and sell equipment.

Existing Building Commissioning:

LDCs are well-positioned to engage customers and to deliver Existing Building Commissioning (EBx) programs. Being more complex than other programs (e.g. lighting

Topic	Feedback
	<p>retrofits), customers appreciate and benefit from ongoing support and access to advice on their undertakings, both of which are LDCs' strengths.</p> <p><u>Custom lighting:</u></p> <p>LDCs have been strong advocates of custom lighting programs and have been central to the alignment of customers and their connection to channels with a strong portfolio of products and enhancements. Through their ongoing engagement with customers, LDCs have educated them on the benefits of custom lighting to lower their energy bills. Knowledgeable customers consequently become much more engaged and open to deeper installations for more meaningful energy conservation, making them much more receptive to products and enhancements available through channels.</p> <p><u>Commercial and industrial programs:</u></p> <p>Funded by the IESO, London Hydro led a local strategic energy management (SEM) program in 2021-22, which identified very large opportunities in the industrial sector (e.g. optimizing operations and building capability to better manage energy and carbon in their businesses). Recruitment and long-term support were critical success factors. LDCs add value by leveraging existing relationships and their naturally built-in, long-term commitments to their customers. As the IESO has indicated launching a SEM program in the near-term, the EDA suggests that an approach integrating LDCs would accelerate program adoption, amplify customer results through local support, and assist post-program participants with staying on their optimization path. LDC support would also have a positive effect on program cost effectiveness, among other important success metrics.</p>

Topic	Feedback
How can the IESO further support the energy transition for consumers in all sectors	<p>Ontario’s LDCs have strong, trusted relationships with electricity consumers and municipalities in their respective service areas. Their longstanding and deep customer awareness, coupled with well-established relationships with channels that provide products and services to customers make them influential communicators. LDCs have become trusted advisors to their stakeholders about informed decision making to reduce energy consumption and costs, while achieving the broader goal of decarbonization towards a net-zero future.</p> <p>The EDA recommends that LDCs be provided with access to funding that enables their direct, self-initiated contribution to customers’ energy and climate goals, where cost-effective and supportive of provincial, regional, or local electricity supply needs. Reactivating LDCs’ role in CDM will help to close the supply gap, thanks to LDCs’ strong customer relationships.</p>

General Comments/Feedback

A February 2022 poll conducted by Campaign Research found strong support among ratepayers in Ontario for local hydro utilities to resume the design and delivery of conservation and energy efficiency programs. This support is more than support for all other delivery preferences combined, for those respondents who expressed an opinion.

Currently, the IESO offers CDM initiatives through for-profit delivery agents with limited focus. These entities may not invest in long-term relationships with customers. This transactional approach may give rise to undesired outcomes, such as:

- tending to not align with customer preferences for deeper retrofits (e.g. beyond lighting) as their targets do not have broader requirements (e.g. program delivery to all customer classes and all areas of the province)
- not optimizing LDCs’ planning, engagement, and program design, as LDCs are not provided visibility on the performance of these initiatives through access to data
- being costly, focused on larger urban centres, and reduction projections smaller than urgently needed

As trusted energy advisors to Ontario families and businesses, LDCs' objectives are aligned with municipal and federal decarbonization commitments. Ontario’s energy transition requires elements of the energy system to integrate smoothly through coordinated planning and execution.

LDCs have an established track record of delivering cost competitive CDM programs in Ontario. In the first three years of the IESO-funded Conservation First Framework, LDCs helped their customers reduce system peak demand by 648 MW and delivered business programs at a historically low

levelized cost of 1.5 cents/kWh. Key to this achievement is the positive relationship between LDCs and their customers. Reactivating LDCs' formalized role in CDM across Ontario—by removing the current prerequisite to be in LIP and by providing funding—would leverage a value-added opportunity to help close the anticipated supply gap. Harnessing LDCs' CDM capabilities would give Ontario families and businesses more tools and flexibility to keep electricity costs down, while transitioning to a net-zero future.