



August 9, 2022

Submitted via email: engagement@ieso.ca

Re: 2021-2024 Conservation and Demand Management (“CDM”) Mid-Term Review

Toronto Hydro-Electric System Ltd. (“Toronto Hydro”) is pleased to provide feedback to the Independent Electricity System Operator (“IESO”) on the CDM midterm review. This midterm review is an opportunity to evaluate progress to date and identify program gaps but it also an opportunity to evaluate how to adapt the program to meet the challenges we know will be presented mid-decade. The current model was developed prior to Ontario’s rapidly growing resource adequacy needs as a result of electrification and decarbonization ambitions. Previous forecasts indicated that Ontario was long on energy well into the 2030s. However, the most recent forecasts that capture an increasing move towards electrification have changed the outlook significantly. Peak demand has undergone a similar upwards revision, requiring new resource acquisition to prevent shortfalls. CDM should be considered in the broader context of bulk system planning and program adjustments must be made to accommodate growing system needs in the future.

Toronto Hydro has heard first hand from customers that they prefer the LDCs to deliver CDM programming on account of improved customer service, flexibility and program knowledge. With the limited funding available for these programs, LDCs deliver significant value for money as the program distributor. There is also significant local value to be derived from allowing LDCs to meet customer needs in different parts of the province. The realities for customers in Toronto and the opportunities available are different than those serving communities in northern Ontario for example.

This midterm review, while still working within the parameters set out by the government, needs to consider opportunities to improve CDM that leverage the relationships of utilities with their customers. LDCs are able to drive significant CDM program results and adapt them to be more attractive in their particular market. The potential value in stacking energy efficiency and CDM incentives with climate action projects should be also be considered. For instance, incenting building envelope improvements through EE programming alongside fuel switching and electrification projects improves overall efficiency

of the building and improves financial outcomes for the customer with respect to operating costs and occupant comfort. LDC programs can be suited to meet customer needs and to be flexible as new needs arise. Such local programs will be designed with upstream value in mind as well.

Ontario's growing supply needs were largely unknown when the current CDM model was constructed. With the proliferation of electrification and decarbonization initiatives, it is critical to use this midterm review as an opportunity to adapt the program to meet the needs of customers in this rapidly changing environment. LDCs are well positioned to drive results locally and work with government to meet electrification and decarbonization goals.

We look forward to working collaboratively with the IESO on the midterm review with an eye towards CDM post-2024.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaleb Ruch", written over a horizontal line.

Kaleb Ruch

Director, Energy Policy & Government Relations
Toronto Hydro-Electric System Limited

KR/jds

Competitive Mechanisms Review

Topic	Feedback
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?	

Customer Needs and Program Review

Topic	Feedback
Are there additional program gaps that should be addressed?	Reintroduce the Audit Funding program to help customers identify leads to support potential Retrofit projects. Explore potential benefits of upstream incentives for various measures. Reintroduce the Custom track under the Retrofit program. Provide a high level of sales and technical support to Retrofit customers. Provide support to customers to submit applications on their behalf. Maintain consistency of program delivery owner and longer framework terms to minimize disruptions and confusion in marketplace, plus help minimize the loss of industry knowledge. Finally, the regional level reporting makes it very difficult for LDCs to accurately determine lost revenue from CDM within their specific delivery territory.
Are there additional enhancements for the income-qualified or First Nations programs that could be considered?	Click or tap here to enter text.

Topic	Feedback
<p>Are there any implementation considerations you see with any of the program opportunities?</p> <p>In particular,</p> <ul style="list-style-type: none"> • 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? 	<p>Custom Enhancements: There is a disconnect between measurement and verification (“M&V”) requirements and the customer ability to provide this data, which may negatively impact customer uptake. Ideally, the M&V requirements would be scaled back or tools would be provided to customers to support their efforts as they maneuver through M&V. This may make it less overwhelming for customers to take advantage of this track that is a bit of catch-all that is missed through the Prescriptive track.</p>
<p>How can the IESO further support the energy transition for consumers in all sectors</p>	<p>Increase collaboration between LDCs, gas utilities, customers, contractors and other key stakeholders to ensure all needs are met. Develop a central website for all program incentives available to customers across the province (i.e. electricity, gas, etc.) to streamline efforts when researching available programs and which program best aligns with their needs.</p>

General Comments/Feedback

Since early days of wind down to recently, applicants and applicant representatives continue to voice their preference to work with LDCs for their incentive program needs. Feedback ranges from wanting support with administrative tasks such as helping with their application submission within the online portal, to requiring technical support to help identify opportunities and quantify savings. LDCs are able to provide a customer service function that has been appreciated by customers, for example, there were specific contacts for industrial customers should they require help with calculating energy savings, a contact to help identify opportunities, a contact to help submit the application, etc. Locally focused, tailored, flexible program solutions are what customers are after and LDCs are well positioned to meet customers stated needs.