

2021-2024 CDM Framework Mid-Term Review

Background

Save on Energy

- Through the Save on Energy brand, the IESO offers programs, incentives, and educational content to help individuals and businesses use energy more wisely. These programs currently serve industrial, commercial, institutional, on-reserve First Nations, and low- and moderate-income residential consumers.
- Save on Energy is Ontario's recognized and trusted source for energy-efficiency opportunities and knowledge in the province. Since 2011, Save on Energy has provided energy-efficiency opportunities and resources to more than 250,000 homes and businesses across Ontario to help them better manage their electricity use, saving nearly 16 terawatt-hours (TWh) of electricity. This is equivalent to powering 1.7 million homes for one year.
- Energy-efficiency programs will continue to help ensure the IESO delivers the best value for program participants and Ontario ratepayers. It reduces and delays the need for new power plants and transmission lines.
- Investments in energy efficiency also make businesses more competitive and homes more comfortable to live in.
- At a cost of just three cents per kilowatt-hour (KWh), energy efficiency remains one of the most cost-effective resources to help to meet Ontario's energy demands.

2021-2024 Conservation and Demand Management Framework Mid-Term Review

- Since 2011, Save on Energy programs have been delivered through a series of multi-year funding frameworks. The current 2021-2024 Conservation and Demand Management Framework is now at its mid-way point, and is designed to cost-effectively meet the needs of Ontario's electricity system by focusing on provincial peak demand reductions, as well as address local reliability concerns.
- In spring 2023, the IESO will launch a series of new and expanded energy-efficiency programs to maximize energy-efficiency contributions to meet near-term system needs. It is expected that these offerings will deliver an additional 285 megawatts (MW) and annual energy savings of 1.1 TWh by 2025:

- A Residential Demand Response Program for homes with existing central air conditioning and smart thermostats to help deliver peak demand reductions
- Targeted support for greenhouses in Southwest Ontario, including incentives for LED lighting, advanced energy management controls or on-site generation such as combined solar generation and battery storage
- Enhancements to the Save on Energy Retrofit Program for businesses, municipalities, institutional and industrial consumers to include custom energy-efficiency projects
- Enhancements to the Local Initiatives Program, which incentivizes energy efficiency in targeted areas where demand is growing and the grid is constrained
- Including these four new programs, Save on Energy is on track to achieve all feasible energy-efficiency opportunities within the current framework. This includes 725 MW of peak demand savings and 3.8 TWh of energy savings by 2025, with savings persisting well beyond that time frame.

Conservation and Demand Management and Decarbonization

- Energy efficiency delivered through conservation and demand management programs is a key resource for maintaining a reliable, affordable and sustainable electricity system in Ontario. As electricity demand is forecasted to grow rapidly across the province and existing resources retire or enter refurbishment, the value of conservation and demand management to the system increases as a low-cost, non-emitting resource that can respond to changing system needs, and support broader economic development and decarbonization objectives.
- The IESO's Pathways to Decarbonization report reinforces the importance of conservation and demand management in meeting decarbonization targets. Analysis indicates that almost 12,000 MW of energy reductions by consumers—though reducing overall energy use or reducing demand at peaks—could be required to meet zero emissions targets by 2050.
- The achievable conservation and demand management potential supports key findings from the IESO's Pathways to Decarbonization report, which concludes that Ontario is in a strong position to decarbonize its rapidly-growing electricity grid, starting with a moratorium on natural gas generation in 2027 provided new storage, nuclear, renewables and expanded conservation efforts are ready when needed. Achieving zero emissions objectives requires Ontario to continue to build and expand its use of conservation and demand management to meet system needs.
- To support the continued growth of conservation and demand management in Ontario, the IESO recommends that Save on Energy offerings be expanded to:
 - Better leverage conservation and demand management as one of the lowest-cost resources to respond to evolving system and customer needs
 - Offer new and enhanced programs for where there is untapped potential, such as the residential sector, which includes multi-family and social housing customers
 - Develop efficient electrification programs to minimize the grid impacts of customer electrification, including from electric vehicles