

Ministry of Energy

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MC-994-2024-95

February 9, 2024

Ms Lesley Gallinger
President and Chief Executive Officer
Independent Electricity System Operator
1600—120 Adelaide Street West
Toronto ON M5H 1P1

Dear Ms Gallinger:

I appreciate the ongoing work and successful track record of the Independent Electricity System Operator (IESO) on electricity energy efficiency programs in Ontario (otherwise known as Conservation and Demand Side Management (CDM) programs). The IESO's central role in the design, coordination, delivery and funding of electricity energy efficiency programs has been fundamental to this success.

I would also like to commend the IESO on its remarkable implementation of the province's Peak Perks initiative which, in less than a year, has surpassed enrollment of 100,000 homes. This milestone has secured this program's place as the largest residential virtual power plant in Canada and one of the fastest growing electricity demand response programs in North America.

Today, Ontario has one of the cleanest electricity grids in the world. As demand for electricity continues to grow electricity energy efficiency programs will become even more valuable to Ontario families, businesses and industries. Our government also recognizes that electricity energy efficiency programs are an important contributor to the economy in Ontario. Decreasing electricity demand defers or reduces the need to build new electricity infrastructure and helps keep energy costs down for consumers.

Therefore, as the policy framework for current electricity energy efficiency programming is ending on December 31, 2024, the government is considering the options for 2025 and beyond.

To this end, and to build on the areas identified in the Ministry's public posting: [Electricity Energy Efficiency Programming Post 2024 | Environmental Registry of Ontario](#) and the work of the IESO-LDC CDM Working Group, I am asking the IESO to examine and report back by **March 15, 2024** with options and analysis for a post-2024 electricity energy efficiency framework and programs. These options should be guided by, but not limited to, the following areas of priority:

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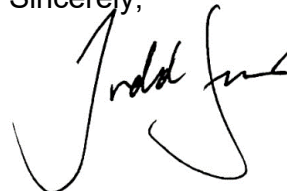
- A more enduring framework that potentially looks beyond a four-year timeframe to better capitalize on marketing and market confidence, with expanded program offerings that reflect the province's electricity energy efficiency potential and system needs;
- Expanded program offerings that reflect consumer and electricity system needs;
- Objectives and targets for beneficial electrification (i.e., supporting electrification that makes better use of existing generation in a way that reduces overall emissions, energy use and energy costs) programs, consumer education and capacity building in the CDM framework, while managing the impact on the electricity grid;
- Feasibility and design options for demand flexibility (reducing, increasing or time-shifting customer load) and distributed energy resources (DER) programs in the electricity energy efficiency framework;
- Objectives and targets additional to energy and demand targets for electricity energy efficiency programming for income-eligible residential consumers and Indigenous communities;
- Enhanced involvement of local distribution companies (LDCs) to help meet both bulk and distribution system needs, as well as the needs of their customers;
- Further improving the participant experience through enhanced electricity and natural gas energy efficiency program co-ordination.

Separately, I am also asking the IESO to examine and report back in **April 2024** on how residential and income-eligible natural gas and electricity energy efficiency programs could be delivered through a one-window approach beginning as early as 2025. This report back should be co-ordinated, where possible, with the same request made to the Ontario Energy Board (OEB) through my [November 29, 2023 Letter of Direction to the OEB](#).

Lastly, regarding beneficial electrification, I ask that the IESO consider the design and results of the province's Clean Home Heating pilot as it considers how beneficial electrification can provide system benefits, and how future electricity energy efficiency programming could best leverage beneficial electrification. The Clean Home Heating Initiative aims to successfully implement hybrid heating in over 1,000 homes across the province to the benefit of overall lower energy costs, lower emissions and increased electricity consumption at times when the grid has excess.

Thank you in advance to the IESO, as our partner in delivering a reliable, affordable and clean electricity system, for providing the requested information.

Sincerely,



Todd Smith
Minister

c: David Donovan, Chief of Staff to the Minister of Energy
Jason Fitzsimmons, Deputy Minister of Energy