

Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, VP Policy, Engagement and Innovation

Date: February 4, 2020

Subject: IESO Business Update – Energy Efficiency

The following provides an update to members of the Stakeholder Advisor Committee (SAC) on energy-efficiency-related items since the last update in October 2019.

Regional LED Grow Light Incentive

The IESO is offering an enhanced LED Grow Light incentive to greenhouses in the Windsor-Essex and Chatham-Kent regions. Both regions are experiencing increased growth in the vegetable, fruits and cannabis sectors, resulting in new facilities coming on-line and existing facilities expanding their crops. The enhanced incentive is available through the Save on Energy Retrofit program and is being offered in these regions to encourage customer uptake of energy-efficiency measures and to help the province manage an increase in demand for electricity. Testing the effectiveness of targeted energy-efficiency to meet both the needs of the electricity system and local customers in these regions will help the IESO determine how energy efficiency can help to meet similar needs for other communities in the future.

Retrofit Program Support

Save on Energy service providers have been contracted across the province to provide support to customers of the Retrofit program as part of the 2019-2020 Interim Framework. Three service providers, CLEAResult (GTA), Aladaco (South West), and ICF (North and East) have representatives in the field acting as a key resource in supporting new and existing customers throughout the Retrofit application process. The service providers will identify themselves in the market as Save on Energy Account Managers or Representatives and outreach activities have been implemented by both the service providers and the IESO to ensure customers are aware of the support available to them.

LDC Local Programs

As part of the 2019-2020 Interim Framework, funding is available to LDCs to design and deliver local programs that are not duplicative of the IESO province-wide programs. To date, there are eight active local programs across the province representing 22 LDCs; three additional local program concepts are currently under review or under development and include programs which focus on system constrained areas in the province. Approximately 52 percent of the \$27M LDC Local Program Fund budget has been committed. A list of active province-wide and local programs can be found on the [Save on Energy website](#).

Energy Efficiency Auction Pilot

The IESO is developing a pilot to explore using auction-based mechanisms to procure energy efficiency. The pilot will help inform long-term discussions about enabling energy efficiency to compete to meet system needs through an appropriate market-based mechanism.

A high level design of the pilot was posted in November 2019, and a webinar was held to solicit external stakeholder feedback. The IESO received written feedback from 13 organizations including LDCs, municipalities, and private energy services companies.

Stakeholders were supportive of the IESO exploring new market-based approaches to procuring EE, noting the historic contributions of EE to meeting system needs. Among other comments on the draft design, stakeholders suggested that the proposed maximum \$/kW offer price (based on historic EE program incentive rates) be increased to reflect the risk shifted from ratepayers to auction participants in the model and identified the requirement for facility-level hourly meter data as a potential participation barrier.

The IESO is revising the design based on the stakeholder feedback received and a formal response will be posted on the Energy Efficiency Auction Pilot engagement webpage by mid-February.

Work continues on the detailed design of the pilot including development of the measurement & verification procedures, the participant contract, and the auction engine. The detailed design will be shared with stakeholders for feedback prior to finalization in April 2020. The IESO plans to hold the pilot auction in September 2020.

Energy Efficiency Savings Results

Preliminary results indicate that 30% (or 429 GWh) of the 1.4 TWh energy savings target and 32% (or 60 MW) of the 189 MW demand target has been committed or installed as of December 31, 2019. Increased efforts in November and December 2019 to approve and contract new projects resulted in an increase of 17% of energy savings and 15% in demand savings from Q3 2019.