

Mid-term Review, Topic 4: Governance and Operations Current State Summary – Comments Received and IESO Responses

This document contains written comments submitted to IESO by the Electricity Distributors Association (EDA) and responses provided by IESO

EDA Comment:	IESO Response: [all references to Slide #s below refer to the presentation entitled “Revised Mid-term Review_Topic 4 Report_20170720”, dated July 20th, 2017]
Navigant should look at conservation is operationalized and delivered by LDCs, not just roles and responsibilities per the ECA or CFIC charter.	Comments are addressed in edits made on slides 13, 14, 56, 57, 38, 46, and 64 revised as per action items from May 25 th Mid-term Review Advisory Group Discussion
The role of the Ministry of Energy should be captured in the report (e.g. slide on roles and responsibilities for delivery programs).	Comments are addressed in edits made on slide 13, revised as per action items from May 25 th Mid-term Review Advisory Group Discussion
Report should also consider the direct/indirect influence of Ministry of Environment and Climate Change.	The Conservation First Framework and Industrial Accelerator Program were implemented in response to Ministerial Directives received from the Ministry of Energy. The Mid-Term review includes an examination of how CFF and IAP can or should support Ontario’s climate change goals; this element of the review will include considerations of the role of the Ministry of Environment and Climate Change.
The descriptions of CFIC’s role appears too narrow and doesn’t reflect the latest charter or mandate. CFIC provides recommendations to IESO on issues.	Comments are addressed in edits made on slides 13, 14, 56, 57, 38, 46, and 64 revised as per action items from May 25 th Mid-term Review Advisory Group Discussion
The description of roles and responsibilities doesn’t highlight an LDCs role in program design, delivery, marketing, and capacity building – LDC role should be better defined.	Comments are addressed in edits made on slides 13, 14, 56, 57 and 64 revised as per action items from May 25 th Mid-term Review Advisory Group Discussion
Slide 10 depicts as information flowing up to the IESO but doesn’t depict how information disseminates back down to CFIC, Working Groups or LDCs.	Comments are addressed in edits made on slide 13, revised as per action items from May 25 th Mid-term Review Advisory Group Discussion
Key performance indicators for each governance layer would help focus priorities.	Added as an area of focus for the market research phase on the “Next Steps” slide (52,134) <i>Added to next steps slide for topic:</i> <ul style="list-style-type: none"> • <i>Examine the role of CFIC and evolution of the governance layers currently in place in the CFF</i>

	<ul style="list-style-type: none"> • <i>Explore the value and application of KPIs and other tracking metrics in the CFF and IAP beyond budgets, targets and CE results</i>
<p>Navigant should also look at the metrics for program and pilot approvals from beginning to end, not just for each stage of the review.</p>	<p>IESO tracks program and pilot approvals from the time that a business case is formally submitted to IESO. IESO does not track LDC timelines for development of the business case or the informal preliminary discussions that LDCs often request with IESO in the early stages of business case development.</p>
<p>Scorecard should be revised to show results from previous process vs current process.</p>	<p>In response to LDC feedback on the original program and pilot review process established for CFF, the IESO – in consultation with LDCs and others – undertook a significant overhaul of the program and pilot review process in 2016 to streamline and expedite the process. The Mid-Term review will look at the program and pilot review process that is currently in place.</p>
<p>Metrics should be clarified (days vs. business days)</p>	<p>Comments addressed in edits on slides 15, 16, 21, and 22 revised as per action items from May 25th Mid-term Review Advisory Group Discussion</p>
<p>Break out these numbers by sector, pilot vs local, vs existing vs new</p>	<p>All possible breakdowns of review time metrics have been provided at this point. Review times by sector may be available for the final report when more business cases have been reviewed by IESO under the new process.</p>
<p>LDCs support re-doing the survey on the impression of IESO’s conservation division.</p> <ul style="list-style-type: none"> • The new survey should include ALL LDCs and should consider processes and operations (e.g. slide 122 questions). • The current survey uses a very small sample size (one LDC is 3%) and the scale distorts the results (e.g. 5/10 = good) 	<p>The LDC satisfaction survey is carried out yearly in Q4 and is planned to be conducted again in Q4 2017.</p> <ul style="list-style-type: none"> • All LDCs are currently invited to participate and strategies are in place to maximize participation. LDC participation in the survey is voluntary and the current participation rate is at or above the norm for such surveys. • LDCs are asked to share their opinion on the “LDC CDM Plan Development & Submission Process” in the current version of the questionnaire. The questionnaire content is reviewed annually to ensure a balance among topic relevance, depth of feedback and survey fatigue. Additional questions on processes and operations will be considered for the 2017 survey. • The scale was designed according to standard practice in the market research industry. The assignment of mid-scale

	<p>scores into the ‘very good’, ‘good’ and ‘poor’ categories was vetted by the external market research supplier.</p>
<p>Slide 33: The description of iCon should clarify which programs it supports.</p>	<p>This clarity has been added to slides 36 and 98</p>
<p>Slide 37: Ranked Processes:</p> <ul style="list-style-type: none"> • Sales channel management is critical - LC4 should move to “high” severity of impact • Marketing/sales should add channel relationships • LC6 is infrequent, should move to “low frequency” • IC2 should be EM&V, not M&V; this is also a significant impact, should move to “high” • Add IL8 – Audit and Compliance → bottom right, frequency is low, and severity is high • Add iLC1 – Application Process (e.g. iCon) → high impact and high frequency (highest point in the top right corner) 	<p>Changes to slides 40, 124:</p> <ul style="list-style-type: none"> • LC4 has a high impact for some programs and not others therefore moved to middle line • Channel relationships added to the diagram (LC7) • LC6 was originally located in the “low frequency” quadrant • An assessment of EM&V was added in addition to the assessment of M&V in the original draft (LC2, IC8, IC2, IC6) • An assessment of audit and compliance was added with low frequency and high severity (IL9) • Application process added under categories assessing customer impact (IC7, IL8)
<p>Slide 61: Benchmarking of Incentive and Non-Incentive Costs</p> <ul style="list-style-type: none"> • Perhaps this chart would be more useful if Navigant measured administration costs per kWh of delivery? For central services vs what LDC is delivering 	<ul style="list-style-type: none"> • Comparison of total cost per kWh in Ontario and other jurisdictions will be included in the final current state summary on Budgets, Targets and Cost Effectiveness. • A slide is under development and will be added to the Governance and Operations Summary comparing non-incentive costs across all province-wide programs under the CFF.