



Ontario Energy Board Commission de l'énergie de l'Ontario



DSM Mid-Term Review

Presentation to the Conservation Mid-term
Review Advisory Group

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Overview

- Mid-term Review Extension
- Summary of DSM Decision
 - Mid-Term Review Requirements from DSM Decision
- DSM & Cap and Trade
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Mid-Term Review Extension

- The OEB received a [Ministerial Conservation Directive](#) on March 26, 2014, requiring the OEB to develop a 2015-2020 DSM Framework, including a mid-term review to align with the mid-term review of the Conservation First Framework
- On May 11, 2017, the OEB suggested to the Minister of Energy that it would be appropriate to defer completion of the DSM Mid-Term Review to December 1, 2018 in order to:
 - Enable consideration of an additional year of evaluated DSM program results
 - Afford the utilities an opportunity to make further progress on the reports and studies required of them
- On June 5, 2017, the Minister of Energy agreed that the extension would contribute to the robustness and usefulness of the results of the DSM Mid-Term Review

Summary of DSM Decision

The OEB [2015-2020 DSM Decision](#) provided approvals for the following:

- Term: Natural gas conservation programs to continue until 2020
- Programs: all customer types: Residential (and low-income), Commercial, Industrial and Large Volume (Union only)
 - OEB approved:
 - Programs that help customers install efficiency measures by providing financial incentives (Resource Acquisition) – insulation, space & water heating equipment, thermostats & controls, process changes, etc
 - Programs that change customer behaviour and attitudes related to energy efficiency (Market Transformation) – educational programs, new building design, energy management systems & planning
 - OEB did not approve:
 - Enbridge's and Union's residential behavioural home energy report (O-Power) program
 - Some market transformation programs – not deemed to provide value for money
 - Utility financing for "On-Bill Financing" of DSM programs – directed Union to provide Open Bill Access like Enbridge
- Budgets: 2015-2020 total budgets are more than double historic spending:
 - Enbridge – \$358M (requested \$419M)
 - Union – \$340M (requested \$335M)
- Targets: Established 2016 targets (lifetime natural gas savings, number of participants); 2017-2020 targets are calculated using the previous year's verified results, with stretch factors to ensure challenging targets each year
- Shareholder Incentive: up to \$10.45M available annually for each utility

Mid-Term Review Requirements from DSM Decision

- Assess current programs' performance in terms of annual metrics, budget levels, impact on customer rates and shareholder incentives
- OEB anticipated changes may occur before the Mid-term Review, including:
 - The cap-and-trade program: New legislation and regulation that aims to reduce GHG emissions over time
 - The revised building code: Revised minimum energy efficiency requirements for new buildings
 - The updated natural gas conservation potential study: Identifies magnitude of gas energy efficiency opportunities in Ontario
 - DSM's role in infrastructure planning study: Assesses the role for DSM as part of gas infrastructure planning
 - New program results: New results and developments occurring up until Mid-term review

Mid-Term Review Requirements from DSM Decision (cont'd)

- Utilities are required to complete the following studies and reports by Mid-term:
 - Infrastructure Resource Planning Study: Transition plan that outlines how gas utilities plan to include DSM as part of future infrastructure planning efforts
 - Report on Free Rider Reduction Efforts and Results: Evidence that gas utilities have lowered the number of custom program free rider participants (i.e., customers who would have undertaken an energy efficiency improvement without receiving a utility incentive)
 - Open Bill Access Status Report: Update on expanding utility bill access to third parties offering conservation-related products & services
 - Joint Studies and Initiatives with Electric Utilities: Studies and plans for joint gas / electricity conservation programs resulting from collaboration between gas and electric utilities, and IESO

Mid-Term Review Requirements from DSM Decision (cont'd)

- Utilities are required to complete the following studies and reports by Mid-term (cont'd):
 - Programs: Reports on pilot program results and research on the development of new programs (mass-market residential program for Union, an integrated Energy Literacy program, etc.)
 - Budgets: Evidence related to the methodology used for overhead and administration costs
 - Cost-effectiveness: Demonstration that all low-income programs pass a TRC cost-effectiveness threshold of 0.7
 - Metrics, Scorecards, Targets: Development of additional outcome-based scorecard metrics, update program classification to better reflect energy savings, adjustments to program targets

DSM & Cap and Trade

- Cap and Trade will have an impact on DSM in both the short-term and long-term
- For the purpose of the Mid-term review, OEB identified two key areas of intersection in the short-term that the Mid-term review should address
 - Consideration of the relationship between the current suite of DSM programs and customers with their own C&T compliance obligations
 - Consideration of the attribution of costs and savings to ratepayer-funded DSM programs where natural gas utilities offer carbon abatement programs in the market

Mid-Term Review Process

OEB Letter – June 20 2017

STAGE 1 – DSM & Cap and Trade – September 1, 2017

OEB seeks comment from all parties on the specific areas of interaction between C+T & DSM

STAGE 2 – Mid-Term Requirements from the DSM Decision

EGD and Union directed to respond to the DSM Decision Mid-Term Review requirements for reports & studies.

First Requirement, October 1, 2017: Utilities to submit studies and reports on related to budgets, cost-effectiveness, pilot programs, free ridership, open bill access.

Second Requirement, January 15, 2017: Utilities to submit proposals and updates to DSM / CDM collaboration, market transformation, metrics, targets, scorecards, Integrated Resource Plan (IRP) Transition Plan, program modifications.

The 2015 and 2016 DSM results, verified through the OEB-led evaluation process, will be publically available once they are finalized. They are expected to be a useful reference in assessing the utilities' performance on annual metrics, budget levels, and shareholder incentives.

Additionally, the OEB is an active participant in the IESO's Non-Energy Benefit Study that is currently under way.

Mid-Term Review Process (cont'd)



Stakeholder Meeting – Spring/Summer 2018

Enbridge and Union to provide an overview of reports & studies submitted and answer questions from interested parties. These stakeholders will have an opportunity to submit written comments.



OEB Report – December 1, 2018

The OEB will issue a report outlining its conclusions on the Mid-Term Review and any associated regulatory requirements, taking into consideration of stakeholder comments.

- See [DSM Mid-Term letter](#) for full details on the review process and mid-term review requirements
- Since the letter was filed, 12 parties have indicated their intention to participate in the Review