

Conservation First Framework – Mid Term Review Feedback from AMP Solar Group Inc.

In response to the IESO request for feedback on the Conservation First Mid-Term Review Please find below AMP response to the IESO questions.

IESO Questions

1) Is the list of possible CDM technologies and services (outlined in this document) to be assessed for alignment against policy objectives in Ontario complete?

The proposed CDM technologies and services are appropriate but AMP recommends the definition should be simplified, clarified and a single definition for the IAP and the CFF should be provided.

Below are listed few areas that require clarification:

- ✓ In reference to “*CDM should be considered to exclude activities promoted through a different program or initiative undertaken by the Government of Ontario or the OPA, such as the OPA Feed-in Tariff (FIT) Program and micro-FIT Program and activities related to the price of electricity or general economic activity.*” - This reference should be struck or clearly defined to create maximum flexibility to meet Ontario’s policy objectives and to achieve alignment with key policy goals including those outlined in the Climate Change Action Plan (CCAP). Enabling clean technologies such as solar as well as integrated solar and storage provide significant opportunity to achieve both energy and demand reduction targets as well as reduced emissions from the electricity sector and the CCAP goal of helping more Ontario households and businesses adopt low and net zero carbon energy solutions in homes, vehicles and workplaces.¹ The current definition serves as a constraint especially since the phasing out of FIT and microFIT.
- ✓ The reference “*activities related to the price of electricity or general economic activity*” is far too broad so as to not potentially constrain alignment. It is problematic in that it could easily be interpreted to relate to other policy objectives as electricity will always relate to the price of electricity and general economic activity for all customers.
- ✓ **The CDM definition for both CFF and IAP should be as currently provided in the Industrial Accelerator Program IAP:**

“The OPA shall consider CDM to be inclusive of activities aimed at reducing electricity consumption and reducing draw from the electricity grid, including behind the meter customer generation².”

This definition most closely reflects the definition provided in the initial ministerial direction to the OEB ([March 26, 2014](#)) that CDM shall be considered to be inclusive of activities aimed at reducing electricity consumption and reducing the draw from the electricity grid, such as geothermal heating and cooling, solar heating and small scale (i.e., <10 MW) behind the meter customer generation.

Additional constraints and restrictions with respect to FIT and microFIT are no longer relevant as procurement of renewable technologies under FIT is no longer open to new applications and microFIT will close at the end of 2017.

a. What other technologies or services should be considered? Why?

AMP believes the list of technologies is sufficient and has no comments for this question.

¹ [Ontario Climate Change Action Plan](#)

² [IESO CFF Mid-term Review webinar materials July 6, 2017](#)

2) What technologies and services should be eligible under the definition of CDM in the second half of the framework in order to support the policy objectives of the Government of Ontario? Why?

As outlined above technologies and services should be inclusive of activities aimed at reducing electricity consumption and reducing draw from the electricity grid, including behind the meter customer generation. Technologies and services meeting these objectives include:

- ✓ Solar PV - Funding for Solar should be permitted as it will reduce draw from the grid during daytime hours and will also reduce electricity consumption. A layered incentive approach could also be considered for NM and Self Consumption (Load Displacement) projects with variable incentives for the two types of projects and giving consideration to the relevant customer class and rate structure, particularly as they relate to Net Metering and volumetric electricity charges.
- ✓ Energy Storage- Funding for Energy Storage should also be included as although opportunities to deploy and benefit from storage can vary depending on customer class and rate structure the opportunity to reduce demand and consumption through energy storage should be afforded to all customer classes to take advantage of each class' respective current and potential opportunities. CDM storage incentives should be made available to all customers irrespective of class as the role of the incentive should be to encourage and enable storage opportunities for both the customer and the system operator to manage and reduce both draw and energy consumption from the grid. Without a reasonable incentive mechanism to further enhance the reliability and flexibility of Distributed Energy Resources the potential for effective Conservation policy will stagnate and fall behind other jurisdictions.
- ✓ Integrated Solar PV and Energy Storage - Funding for the integration of Solar and storage is an exceptional opportunity to provide maximum reduction of draw from the grid and reduced consumption. With respect to the above, base incentives for “stand alone” solar (A) and “stand alone” storage (B) should be provided. In addition a further incremental incentive should be provided for the integration of solar or non-emitting Behind the Meter Generation and Storage to achieve maximum potential. There could be consideration given to specifying particular operational characteristics of these systems subject to Measurement and Verification Procedures depending on the particular market segment, customer class and billing structures. As some measure of adequate price signals are currently lacking, the purpose of the incentive structure provided through CDM should be to facilitate the buildout of a given/certain (targeted/specified) amount of solar, storage and integrated solar and storage for a certain number of customers to provide greater flexibility to Ontario's power system as improvements to Ontario's price signals for flexibility as well as the regulatory environment around energy storage evolve. As the transition to an ever increasing network of Distributed Energy Resources (DER) advances, this increased deployment of distributed storage and solar/storage integration will provide the potential for future and greater flexibility in the province.
- ✓ Embedded Technologies and services should be incentivized to address local system needs. Locational adders could be provided to further incentivize the uptake of storage in IESO or LDC specific priority zones.
- ✓ Class A - Industrial Conservation Initiative (ICI) customers should be eligible for funding for storage applications that target the 5 critical peaks.

To encourage maximum benefit the alignment of conservation and climate change objectives can most effectively be accomplished through the layering of straight forward, transparent and predictable programs and incentives that allow industry to understand, target and benchmark expectations, program horizons and required cost inputs. While a technology may effectively contribute to both of these key policy objectives, as policy evolves and industry responds with improved efficiencies, funding can be reduced in a structured and transparent manner while also providing maximum value to the ratepayer, with respect to an improved electricity grid with greater flexibility and an efficient process to minimize and reduce rate impacts of conservation funding.

a. Are there any technologies or services that are currently eligible that should not be eligible in the second half of the framework? Why?

AMP does not believe any of the technologies should be omitted and has no comments for this question.

3) What factors or parameters should be established/considered for any eligible technologies or services? (e.g. other available sources of funding, impact on peak demand, and etc.)

The Ontario Climate Change Solutions Deployment Corporation (OCCSDC) should contribute funding to CDM programming that incentivizes non-emitting Behind the Meter Generation as well as technologies such as energy storage that are paired with non-emitting Behind the Meter Generation. This should include zero emissions Solar PV Generation as well as integrated demand management solutions that incorporate solar and energy storage.

The pairing of this integrated technology is now permitted under Ontario's Net Metering regulation and represents a primary opportunity for alignment with Provincial Climate Change policy. CCAP identifies opportunities that would be enabled by net metering and behind the meter generation, including facilitating near net-zero and net-zero energy homes and buildings. There are numerous opportunities to achieve effective climate change mitigation policies concurrently with demand reduction initiatives. The greatest potential for deployment and successful program implementation would be to utilise the existing CDM programming framework and recognize the mutual benefit in terms of clear alignment with Climate Change objectives from non-emitting Behind the Meter Generation. To this end the CCCAP (and/or the OCCSDC) would simply contribute to the funding of CDM programming that incentivises low or non-emitting Behind the Meter Generation as well as integrated storage solutions.

Appendix A – CDM Definition

2014 Ministerial Directions to OPA (now IESO) for Conservation First Framework and Industrial Accelerator Program provide the following definition of CDM:

Conservation First Framework

“The OPA shall consider CDM to be inclusive of activities aimed at reducing electricity consumption and reducing the draw from the electricity grid, such as geothermal heating and cooling, solar heating and small scale (i.e. < 10 MW) behind the meter customer generation. However, CDM should be considered to exclude those activities and programs related to a Distributor’s investment in new infrastructure or replacement of existing infrastructure, any measures a Distributor uses to maximize the efficiency of its new or existing infrastructure, activities promoted through a different program or initiative undertaken by the Government of Ontario or the OPA, such as the OPA Feed-in Tariff (FIT) Program and micro-FIT Program and activities related to the price of electricity or general economic activity.”

Industrial Accelerator Program

“The OPA shall consider CDM to be inclusive of activities aimed at reducing electricity consumption and reducing draw from the electricity grid, including behind the meter customer generation.”