



BOMA TORONTO

Feedback on

Sector-Based Energy Service Provider Program

PRESENTED TO

**Independent Electricity System Operator
(IESO)**

December 2016



December 15, 2016

Stakeholder Engagement
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON
M5H 1T1

Stakeholder Engagement,

RE: Proposed Sector-Based Energy Services Provider Program

The Building Owners and Managers Association of the Greater Toronto Area (BOMA Toronto) would like to thank the Independent Electricity System Operator (IESO) for this opportunity to comment on the proposed Sector-Based Energy Services Provider Program

BOMA Toronto is a not for profit industry association established in 1917, representing over 80% of all commercial and industrial real estate companies across Ontario (with the exception of the Capital region that is represented by BOMA Ottawa). BOMA Toronto's membership includes leading building owners, property and facility managers, developers, corporate facility managers, leasing professionals, as well as service providers that cater to the Commercial Real Estate (CRE) Industry.

BOMA Toronto's mission is to develop, promote and advance best management practices in the CRE Industry through advocacy, education and networking.

As a major stakeholder in Ontario's Commercial Real Estate Industry and as the voice of building owners and managers, we are supportive of IESO's proposed sector-based approach to deliver energy conservation programs. We believe that



such approach would enable those industry organizations that work closely with particular sector to effectively facilitate the participation in the program at a lower cost to the province. However, in order for this model to work the service contract should not be so constrained with impractical conditions and unrealistic expectations. It should be noted that many of industry organizations/associations (like BOMA Toronto) are operated as not-for-profit with different drivers to enable success.

We applaud the IESO for considering our prior feedback and taking the initiative to make conservation easier for our members. With an aggressive provincial conservation target ahead, BOMA Toronto, with its expertise and experience in managing and delivering successful CDM programs in the past, is committed to work with IESO and the LDCs to help enhance CDM program offerings so that it brings more value to our membership and to the industry at large.

Thank you in advance for considering our feedback. We would be happy to discuss our comments with you further, or respond to any questions you may have with respect to this sector-based ESP program or BOMA's role within the broader Conservation First Framework (CFF).

Regards,

Bala Gnanam

Director, Sustainable Building Operations & Strategic Partnerships
BOMA Toronto



GENERAL COMMENTS

1. Using a pay for performance model would not work for a not for profit organization, because we are inherently risk-averse. We understand funding is meant to help sectors that are not participating in saveONenergy programs. However, how do you expect sectors that are not participating in energy efficiency programs to know their saving potential? BOMA Toronto has an excellent track record in managing and delivering incentive programs to the commercial real estate (CRE) industry. We would just need funding to hire a few support staff and additional funding for marketing and communication (for targeted outreach, information sessions, instructional webinar, etc.). As an association we are motivated by bringing more value to our members and the industry. We are not motivated by profit.
2. It would be better to simply provide funding for additional staff on a consistent basis without adding risk to the livelihood of the funded staff. Remove the pay for performance risk and provide fixed funding for two, or three or preferably four years. Have quarterly reports and annual meetings to manage performance of service providers. If service providers are not demonstrating progress then that should trigger a process to end the contract and wind down activities within a specified period.
3. Funding should be measured by the number of applications submitted from net new applicants. The IESO should have the analytics to measure the net new sector participation.



4. Current programs offerings are generally utilized by Class A buildings whose owners and managers are driven by corporate sustainability objectives and whose knowledge in conservation and energy efficiency are quite advanced and they have access to resources that could help achieve their objectives. But these buildings constitute only a small fraction of the total CRE building stock in Ontario. The vast majority of the buildings are classified as Class B and C whose management are generally resource constrained, lack motivation, and their rate of participation in the conservation program is estimated to be less than 2 percent. There is much to be done to leverage the conservation potential within CRE industry.
5. If funding is limited to only 6 to 8 service providers then funding should be only for support staff that can help sector members with their incentive applications. That is the single biggest barrier for Class B and C commercial sector members. We believe it would be a waste of time and resources to consider Capability Building Targets.
6. If proceeding with a pay for performance model then why is there no bonus for achieving more than the target savings.
7. Why have Capability Building Targets? The internet is full of information to help sector members be more energy efficient. But the current saveONenergy application processes are so cumbersome and take so much documentation that it is not worth it for most sector members to apply for incentives. Why apply for \$1000 incentive when it takes \$2000 worth of time to complete a Save on Energy application.



8. Another barrier for sector members are the LDCs themselves. Few LDCs are excellent at providing support and facilitating the process, but they too need help to reach out to Class B and C segment of the sector. Many LDCs have no time to support participants or they have a very poor customer service.

9. It should be noted that service providers have no authority on approving sector members' capital projects. However they can provide much needed support, feet on the street, to help sector members with making good decisions on choosing the right measures and helping complete incentive applications for their on-going capital projects.
