Notes for remarks:

Canadian Energy Efficiency Alliance

20th Anniversary Dinner

May 20, 2015

Bruce Campbell,

President and CEO,

Independent Electricity System Operator

Check Against Delivery

ieso
Independent Electricity System Operator

Introduction

Good evening, and thank you Tracy for the warm welcome and kind introduction. I'm delighted to be here tonight to celebrate this special anniversary with you. I would also like to offer my personal congratulations to Carol (Buckley) and Allan (Crandlemire) … the industry champions we are honouring tonight.

In thinking about this anniversary, I thought it would be interesting to look back to the origins of the CEEA and the individuals who built the early foundations for the organization.

And here's what I found.

The CEEA's roots are found in an 18-month, multi-stakeholder engagement effort, the Ontario Energy Efficiency Consortium, that produced a report in October 1994 entitled "Accelerating Energy Efficiency in Ontario." And here's that report – and prominent on the cover is the stylized "e" that is now proudly worn by the CEEA.

There were a number of distinguished individuals involved in that effort… including a number that I have had the privilege of working with during my career.

The report identified a number of action plans to increase energy efficiency, including the formation of the Energy Efficiency Alliance.

Quoting from the report:
"The linchpin of these action plans is the recommendation for the creation of an Energy Efficiency Alliance to advocate for increased energy efficiency, coordinate energy-efficiency activities, and monitor and expand the work of the Consortium."

And the goal was ambitious: "through the Energy Efficiency Alliance we must lead a movement to build a powerful and permanent mandate for energy efficiency in this province. Only by deeply imbedding an awareness of the opportunities and benefits that energy efficiency can produce can we hope to realize our shared vision of an energy-efficient province."

And that's exactly what the CEEA has done – and not only on an Ontario but on a national scale. Job well done!

I should tell you that Elizabeth McDonald and Jay Nordenstrom were among the first individuals to meet with me after I was named President and CEO of the new IESO organization, and we have since become a member of the CEEA.

And I can assure you, from personal experience, that Elizabeth and Jay are persuasive in their advocacy for the potential for energy efficiency. Recognizing and achieving that potential is what I want to focus my remarks on tonight as we look ahead to the next 20 years, including the need to foster innovation. I also want to talk about the important role conservation plays in operating a reliable and efficient electricity system and what we expect to achieve over the next six years as the new Conservation First Framework takes hold.

Merger

It's been almost six months since the merger between the Ontario Power Authority and the IESO took place. The scope of the IESO's activities now extends across Ontario's electricity sector. We are well positioned to better support change in the sector, improve how markets and contracts work together, create efficiencies for the benefit of Ontarians and, of course, promote a culture of conservation in the province.

As we continue to work to fully integrate both organizations, our first priority is to ensure we provide public value…finding the most cost-effective ways of acquiring new sources of clean power and ensuring the long-term sustainability of the province's power system. Reliable and efficient operation of the electricity market and working with our partners to achieve the aggressive conservation targets that have been established are also essential elements of the public value we are working to provide.

Role of Conservation

Tonight we are celebrating 20 years of the CEEA serving as leaders in advocating for conservation and energy efficiency across all sectors of the Canadian economy. As we do this, we only need to look back a few years to get a sense of the significant transformation taking place in the electricity sector, not only here in Ontario, but across Canada.

Across the country, encouraged by the CEEA, there has been a coordinated effort between all levels of government, electric and gas utilities, the private sector and stakeholder organizations in actively pursuing the economic and environmental benefits of energy conservation and energy efficiency.

Specialized programs and national standards are helping Canadians continue to reduce their energy consumption through responsible energy use. The International Energy Agency's 2013 *Energy Efficiency Market Report* ranked Canada second out of 15 countries, tied with the United Kingdom, for its rate of energy-efficiency improvement from 1990 to 2010. Over this period, Canada's energy efficiency improved by 25 percent.

But Canada isn't alone in pursuing ambitious conservation targets. Leading jurisdictions around the world are also pursuing aggressive energy-efficiency goals: The United States has set a goal to double its energy efficiency by 2030. The European Union has committed to a cut of 20 percent in its 2020 energy demand. China is targeting a 16-percent reduction in its energy intensity by 2015. Japan aims to cut 10 percent from its electricity consumption by 2030.

Here in Ontario, a significant transformation continues in the electricity sector. Green energy policies and fast-advancing technologies are leading to a larger role for the consumer.

We have a strong foundation here in Ontario with a clean and diverse supply mix and enough capacity to meet our needs. That solid footing allows us the opportunity to focus our attention on innovation, finding efficiencies, enhancing the value of our system and further developing demand side resources.

Ontario is a leading North American jurisdiction for conservation and demand management. It is the province's first priority and is the most cost-effective resource -- still available at 4 cents per kilowatt-hour or less.

As the province's power system planner, the IESO prioritizes conservation because reducing or shifting electricity use can avoid or defer the need for new generation or transmission. And as Ontario's power system operator, we see that conservation reduces potential strain on the electricity system, which improves the efficiency of the power grid. And at the risk of preaching to the converted, we all know that saving energy means saving money – for families, businesses, hospitals, schools and other public institutions.

We have made great strides in reducing our electricity use, and we are already seeing the benefits. Since 1990, average household electricity consumption in Ontario has declined by almost 25 percent, representing about $350 in savings each year for the average household, based on current electricity costs.

Since 2006, Ontarians have conserved more than 8.7 billion kilowatt-hours of electricity. Ontario's suite of **save**ON**energy** conservation programs has achieved ambitious energy-savings targets. Last year's conservation program results showed strong momentum for many of the programs, with engaged residential and business consumers contributing to reaching these province-wide conservation goals.

And companies across Ontario continue to surprise us with innovative ways to engage consumers and incent conservation. We've certainly come a long way from simply asking people to turn down the thermostat when they go on vacation.

Conservation First

As the new conservation framework ramps up, we know there is still much more we can accomplish. We remain committed to expanding and enhancing our conservation efforts and to meeting those targets, which are some of the most ambitious in North America.

The IESO will continue to champion a conservation culture in Ontario -- working with the local distribution companies to implement the new, six-year Conservation First Framework.

The province's new framework is designed to achieve 7 terawatt-hours of savings. It's a key deliverable for many of us in this sector, and we are off to a great start.

Energy Conservation Agreements were signed with all 75 local distribution companies in Ontario by early January, and we are now in the process of reviewing and signing off on the Conservation and Demand Management plans that flow from those agreements. These plans set out how utilities will achieve significant conservation targets in their communities over the next six years.

Under the framework, local distribution companies have more control to introduce programs that reflect local needs. For example, under the joint plan submitted by PowerStream and Collus PowerStream -- the first plan to be approved -- new programs are proposed for small businesses that include office and IT equipment retrofits. LDCs will also work closely with natural gas companies to develop and deliver integrated electricity-gas savings programs, and they will also coordinate their programs with other regional and municipal energy planning processes underway.

Another example of how the consumer is impacting our electricity system and embracing efficiency is through demand response. This is a year of real advancement for DR. The former "DR3 program" transitioned into a market-based program in March. An RFP for DR pilot programs is underway, and we continue to finalize design details on DR auctions, with the first to be held later this year.

Demand response takes consumer-level participation a step further, essentially asking the consumer to become an active player in the operation of the electrical grid – what I call connecting the customer to the control room. DR providers are increasingly performing functions for which we traditionally relied on generators. Our DR pilot program is looking for participants that can provide load following and unit commitment – two services typically provided by generators and other suppliers. Demand response contributes to efficiency by allowing us to tap into existing infrastructure for services needed on the electricity system.

Conservation and demand response are especially valuable in the context of Ontario's environmental goals. Eliminating coal-fired generation was obviously a huge step toward a cleaner supply mix. But it`s clear that the province has more steps to take with the recent announcements of a cap-and-trade system and the targeted reduction in greenhouse gas emissions by 37 percent below 1990 levels by 2030.

The growing role for conservation and demand response should provide opportunities for large consumers to not only save money but also contribute to greenhouse gas reductions.

Innovation

Equally important to our conservation efforts is encouraging and supporting innovation across the sector.

In Ontario we are now having discussions about a more efficient, advanced electricity grid. People are talking about smart homes, interoperability and third-party data access, as just a few examples.

Ontario has made a significant investment in smart meters and in the IESO's central data repository for high-quality, consistent electricity consumption data. This data also offers significant potential value, beyond time of use, for designing conservation and

demand response programs, system planning, policy development, academic research and to further support innovation in Ontario. The IESO is working to maximize the potential value of this consumption data -- in part by working with stakeholders to establish rules for access to this wealth of information.

Ontario companies are working hard to leverage smart grid capabilities across a broad range of applications designed to increase efficiency, reduce outages, integrate more renewable forms of generation and empower consumers to more effectively control their energy use.

And through the IESO Conservation Fund, we are helping to transform the conservation market by supporting the implementation of innovative energy-saving projects and technologies. We are seeing conservation programs tailored to specific customer segments. For example, Niagara-on-the-Lake Hydro has a pilot program for wineries and agricultural facilities that focuses on refrigeration.

And Loblaws, a long-time participant in innovative energy management initiatives, is participating in a pilot pay-for-performance program.

Ontario is now one of the first places outside of the United States to begin implementing the "Green Button" standard. This will allow consumers to pull their consumption data into a variety of applications on their tablet and mobile devices.

London Hydro is currently piloting its new Green Button Connect My Data feature, allowing its customers to share consumption data. London Hydro customers are getting access to the latest tools to help them better understand their electricity consumption and help manage their bills.

Conclusion

In concluding, let me say that the examples I have touched on tonight are just a few of the unique and innovative programs and approaches that Ontario is benefiting from, both from the system perspective and from the consumer's perspective.

But while there is much more underway, there is still much for all of us to do if we are to realize our shared vision of a truly energy-efficient province. In many ways, our journey has just begun.

But for the past 20 years, the CEEA has been leading the charge in promoting the environmental, economic and system benefits of energy efficiency. At the IESO, we are looking forward to, in fact we are counting on, the CEEA's continued leadership and support in this effort.

I want to close by congratulating the CEEA on reaching this important milestone, and thank members for their contributions to our sector during that time.

My best wishes for another successful 20 years.

Thank you.