

Memorandum

IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: Terry Young, VP Conservation and Corporate Relations

Date: January 27, 2016

Subject: **IESO Business Update – Conservation**

Information Item

This memorandum provides updates to the Stakeholder Advisory Committee (SAC) on initiatives within the Conservation First Framework (CFF).

Conservation Plans

The IESO has approved 42 CDM plans, representing 74 LDCs and approximately 99% of the Conservation First target. The IESO continues to review the final CDM Plan, representing three Five Nations LDCs.

Energy Managers

Energy Managers provide on-the-ground resources to participate in conservation programs and assist in meeting the provincial goals. Energy Managers have a key mandate to produce and document non-incented savings, and they are a key champion for embedding strategic energy management practices within organizations across the province. To achieve these goals, there are five streams of Energy Manager resources in Ontario.

1. **LDC Embedded Energy Managers.** Under the Conservation First Framework (CFF), this is an activity that can be part of any LDC's plan to meet their CFF targets.
 - 40% of LDCs have included an Energy Manager offering in their CDM plan, and this program has approved program rules and the LDC community is working on finalizing the program agreement.

1. **Industrial Accelerator Program Energy Managers.** This initiative was released in June of 2015.
 - There are currently 8 executed contracts, with other customers reviewing the contract and considering applications.
2. **Multi-Site Customer (MSC) Energy Managers.** The MSC energy manager program mirrors the LDC Energy Manager program and is available to customers that meet the stringent eligibility criteria, which includes having facilities located in five or more LDC territories.
 - This program has funding for 10 positions and became available for application in January, 2016.
3. **Sector-Based Energy Managers.** Organizations and Associations representing sectors of Ontario customers will be asked to compete through an RFP to provide energy management expertise and achieve conservation savings within their sector.
 - The RFP is currently in development and has been the subject of stakeholder engagement. The RFP is expected to be issued in Q1 2016.
4. **Strategic Energy Management Resources.** An RFP will procure resources to assist customers and LDCs with a central resource to provide assistance and deliver many services including 'dispatchable' energy managers that can be shared to companies through their LDC upon request. This resource will also assist in co-ordinating energy managers across the province, and provide the Opportunity Accelerator service to companies who need help in identifying conservation opportunities.
 - An RFP has been developed, and will be in the procurement process shortly.

Conservation and Demand Management Information Solution (CDM-IS)

The IESO has undertaken the provisioning of a centralized service with the intent of replacing the current iCon 2011 system with a new Conservation and Demand Management Information Solution (CDM-IS). The benefit of CDM-IS is that it will allow both the IESO and LDC users to leverage a central system that will improve transparency and access to data. In addition, a centralized system will provide improved consistency and accuracy of program definition, measurement and verification across LDCs.

On January 11th, the vendor (Nexant), IESO and LDCs participated in the first kick off meeting. Subsequent requirements gathering sessions for the Retrofit Program, the review of high-level business process models, Reporting & Settlements and the Training, Testing & Data Migration strategies were conducted. Sessions will continue for the remainder of January focusing on reviewing and updating requirements gathered and configuration. The project is currently on track for deployment of phase 1 by the end of Q1 2016.

Achievable Potential Study

Conservation Achievable Potential Study (APS) estimates the electricity savings that could be realized through the implementation of energy-efficiency programs and measures in the market. The APS working group co-chaired by the IESO and Toronto Hydro, consists of 12 LDC representatives, including IESO staff and observers from the Ministry of Energy, Ontario Energy Board, Gas Utilities, Electricity Distributors Association and Environmental Commissioners Office. The objectives of the study include:

- Assess conservation potential for 2015-2020 period to inform mid-term review of LDC targets and budgets
- Provide enhanced regional/local resolution of conservation potential
- Support conservation program planning and design
- Inform long-term planning activities and provide input to forecasts for next LTEP

The current APS is a requirement of the Conservation First March 31, 2014 Minister's Directive and the commitment was made in the Energy Conservation Agreement (ECA) with LDCs that they would be consulted in the design of the study and that a bottom up approach would be used for this study, different from the provincial level analysis done in the past.

Status

- The APS commenced in July 2015 (Nexant retained as consultant) and the modeling is underway
- Work to date has focused on (i) the development of LDC profiles, segmenting their load by sector and subsector (ii) a review of eligible energy efficiency measures and (iii) the development of archetype programs
- Next steps will be development of load forecasts for the 2015-2020 period and adoption curves for archetype programs
- Draft results are due to be presented by the end of March 2016

BMG Potential Study

- A separate study focused on estimating the potential for savings from behind the meter CHP projects (BMG) has also been initiated
- The study commenced in January 2016 (Navigant retained as consultant)
- Draft results are expected in April 2016 and final results in May 2016.