

Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, VP, Policy, Engagement and Innovation

Date: April 27, 2018

Subject: IESO Business Update – Conservation

The following is intended to provide an update to the members of the Stakeholder Advisory Committee (SAC) on a number of conservation-related items.

2018 Preliminary Results

Preliminary results indicate that LDCs and the IESO continue to progress well towards the Conservation First Framework target of 7.4 TWh*, having achieved nearly 56% (4.1 TWh) as of the end of February. Almost all LDCs are expected to meet or exceed their mid-term targets.

The Industrial Accelerator Program (IAP) has contracted close to 50% (over 0.6 TWh) of the 1.3 TWh* target, and had its best program year in 2017 achieving 47% more applications and 50% more contracted first year electricity savings than in 2016.

**The IESO received [direction](#) from the Minister of Energy in February 2018 to allocate 0.4 TWh of the target from the IAP towards the achievement of a reduction in electricity consumption through Centrally-Delivered Programs and Province-Wide Distributor CDM Programs delivered by the IESO. The IESO will now be reporting progress against the revised targets: 7.4 TWh for CFF and 1.3 TWh for IAP.*

Province-Wide Home Assistance Program Delivery

The IESO is implementing a centrally-managed Home Assistance Program (HAP) for low income customers as directed by the Minister of Energy in August 2017. A HAP service provider will soon be assuming customer intake, scheduling of in-home energy audits and installation of energy efficient measures with annual participation targeted at approximately 17,000 customers per year.

Indigenous Conservation Programming

Over the past six months, the IESO has been engaging with First Nations and Métis representatives through in person meetings, interviews, surveys, a public webinar, and the

Indigenous Community Energy Symposium to receive input on how to improve conservation programs, capacity building and partnerships. The feedback informed [Indigenous Conservation Programming: A New Approach](#), a report with recommendations on options to improve conservation programs, and access to programs, for First Nations and Métis including communities served by independent power authorities. The report was posted on March 29 and planning is underway to host a public webinar in late April on recommendations and high level implementation timelines.

Conservation Framework Mid-term Review

The Conservation Framework Mid-term Review engagement process concluded on March 8 with the last meeting of the Advisory Group, where members were able to provide final input to the final Mid-term Review Report prepared by Navigant Consulting. The final [Mid-term Review Report](#) was posted on the IESO website in late March.

The IESO will formally submit recommendations to the Ministry of Energy by June 1, 2018 for the second half of the framework (2018-2020) and future conservation frameworks. The IESO will begin implementation of the recommendations later in 2018, pending Ministry of Energy response and subject to any required government decisions, and will provide a full update on the implementation plan with SAC.

2019 Achievable Potential Study

The IESO and the Ontario Energy Board (OEB) are each required by the by the Minister of Energy to complete an achievable potential study (APS) for electricity and natural gas conservation, respectively, every three years. The IESO and OEB will conduct an integrated electricity and natural gas conservation APS to be completed by June 2019. The APS will identify and quantify energy savings (electricity and natural gas), GHG emissions reduction, and associated costs from conservation and energy efficiency measures for the period from 2019-2038.

A formal stakeholder engagement launched in early February that includes an APS Advisory Group, involvement of an Expert Panel, stakeholder engagement webpage, and public webinars. The APS Advisory Group was established in late February and held their first meeting in late March. The first public webinar was also held in late March and provided overview of the study, project team, stakeholder engagement plan, timelines, and draft Scope of Work. The project team received valuable input from stakeholders through these forums and will continue to refine the scope of the APS, including engaging an external consultant to execute the deliverables of the 2019 APS.

In Front of the Meter Conservation

Following the 2017 Long-Term Energy Plan and [amending direction](#) from the Minister of Energy, the IESO is updating the appropriate rules and guidelines to account for In-Front of the Meter Conservation (IFMC) projects towards electricity conservation targets peak demand reductions. This change is intended to encourage LDCs to undertake activities to improve network energy efficiency, and allow electricity savings from IFMC measures to be counted towards their CFF targets. IFMC project costs will be funded through distribution rates, and the establishment of IFMC projects is subject to the OEB's review and approval process.

The IESO is also developing EM&V protocols to measure the impacts of IFMC projects, and a webinar is being planned in Q2 to highlight the required changes and solicit LDC feedback.

Municipal Energy Profile

The IESO and the Ministry of Energy recently completed a Municipal Energy Profile study that builds on a report completed in 2008 that has been widely used by municipalities and various interested parties in the energy sector. Inputs to the report included:

- Survey issued to all 444 municipalities focused on energy management practices;
- Energy consumption data reporting as required by Regulation 397/11;
- Program participation data (i.e. Save on Energy, Feed-in-Tariff and Industrial Conservation Initiative);
- Follow-up qualitative interviews with 25 municipalities; and,
- Organization Best Practices conducted by Local Authority Services.

Study findings demonstrate significant energy efficiency opportunities still exist within municipalities, particularly with street lighting, water and wastewater pumping and treatment, and social housing. The IESO is currently working on a strategy for communicating and utilizing the results and engaging municipalities to target untapped energy savings such as providing specialized training, resources and support, and targeted programs.

IESO Support for Green Ontario Fund

The IESO continues to work with the Ministry of Environment and Climate Change on the design and delivery of a suite of programs aimed at achieving GHG reductions. There are currently three residential programs, which are further described below. The IESO also continues to support the GreenON website and provides customer relationship management through call centre services and program marketing.

GreenON Installations (launched August 2017):

Residential customers are provided with an in-home energy assessment and direct installation of a smart thermostat at no cost, which over 47,000 have been completed to date. Registration was re-opened in mid-March and the IESO expects to meet the cap of 150,000 installations and

home energy assessments by September 2018. Customer satisfaction results are positive with program participants indicating their expectations were either met or exceeded (95%), and a high likelihood of recommending GreenON programs to others (99%).

GreenON Support (launched December 2017):

GreenON Installations program participants are provided with a detailed report customized to their home with additional efficiency opportunities and available incentive programs. By the end of March, nearly 42,000 home energy reports had been issued. Program participants can also receive technical support via email and telephone for questions on GHG reduction and energy efficiency opportunities.

GreenON Rebates (launched December 2017):

Targeting residential single family homes, participants are provided with rebates for low-carbon technologies. There are over 1,800 contractors and three major retailers participating in the program, and nearly 6,000 applications for rebates have been received to date. This program also includes a smart thermostat rebate jointly funded and cobranded between GreenON and Save on Energy, and over 11,000 devices have been registered.

The IESO will also undertake third-party compliance audits and evaluation, measurement and verification activities to ensure credibility of program results.