

Memorandum

IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: Terry Young, VP Conservation and Corporate Relations

Date: March 11, 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 First Framework Progress - Q4 2015

All LDCs have successfully transitioned into the new 2015-2020 Conservation First Framework, with the exception of the three Five Nations LDCs. That CDM plan is still under review.

LDCs continue to develop new and enhanced programs and pilots to meet their customers' needs. As part of Conservation First Framework, the IESO has approved five local and/or regional programs, including 14 LDC pilots to encourage innovation across the sector.

Preliminary results indicate that LDCs are well positioned to achieve the 7 TWh 2020 energy savings target, having achieved 15% (1,069 gigawatt-hours) towards the target in 2015. In Q4 2015 alone, preliminary results indicate 448 GWh of net energy savings from LDC-delivered and non-LDC delivered programs and 222 megawatts (MW) of net peak demand savings were achieved.¹

¹ Results are presented at the end-user level to show progress towards targets, as the targets are set at the end-user level.

Conservation and Demand Management Information Solution (CDM-IS)

Release 1 of the Conservation and Demand Management Information Solution (CDM-IS) will be rolled out in two stages to allow LDCs adequate time to prepare for the cutover to the new system. A “soft launch” of CDM-IS is targeted for April 4th where LDCs can become more familiar with the software and train their internal staff and project partners. The “go-live” date is tentatively scheduled for May 2nd where CDM-IS begins to receive applications for the configured Retrofit Program.

Communication to the LDC community and stakeholders has now increased to provide greater awareness on the progress of CDM-IS and to enable broader stakeholder involvement in the process.

Currently, the testing phase continues with the project team, which includes both IESO and LDC members. During this phase, the solution is being tested to assess the functionality/usability of the solution based on the requirements provided. In parallel, Release 2 activities (planned for end of Q2 2016) have commenced and are focused on province-wide residential programs and business processes.

Energy Conservation Agreement Revision

The Energy Conservation Agreement (ECA) sets out the contractual relationship between the IESO and LDC under the Conservation First Framework. All LDCs signed the original agreement (version 1.0 – October 31, 2014) on or before December 31, 2014 in order to transition into the new Conservation First Framework.

The IESO will be formally issuing a revised ECA (version 2.0) to all LDCs in early April 2016. LDCs will have until May 1, 2016 to opt-in to ECA version 2.0 in order for it to come into effect. The revisions address a number of needs expressed by LDCs in delivering effective programs under the Conservation First Framework. Key revisions to the ECA include:

- General administrative and legislative compliance requirements
- Updates to the reporting and settlement processes;
- Eligibility of extension agreements and Multi-Site application process; and
- Flexibility in CDM plan amendments and CDM Plan review process

All LDCs have been provided a copy of ECA version 2.0 on March 9th as an information item only, allowing them sufficient time to review the revised agreement with senior management. The IESO will formally post a revised ECA (version 2.0) on Friday April 8, 2016.

Enhanced Small Business Lighting Program

The redesigned Small Business Lighting program is now available to LDCs to offer to their service territories. The enhanced program now targets small business customers or general service (GS) customers with average demand less than 100 kW. The predecessor program only served businesses with less than 50kW in Ontario. In Ontario, there are approximately 7,000 GS customers with average demand less than 100 kW.

The enhanced program also allows customers who previously participated in the 2011-2014 Small Business Lighting program to take advantage of the program offering. Up to \$2,000 in customer incentives will be provided on a \$/kWh rate or fixed-price measure, whichever is less. Businesses are encouraged to apply for additional incentives beyond the \$2,000 limit through the Retrofit program.

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. Draft results are due to be released in Q2 2016 and a briefing will be provided to the Stakeholder Advisory Committee along with results from the behind-the-meter (BMG) potential study due in May 2016.

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.
- Recent work has included the development of adoption curves for each measure based on historical results. The consultant is now starting to test their model and develop initial technical and economic potential estimates. Next steps will include the estimation of achievable potential by sector, subsector and end use and development of reporting templates for the data.
- Draft results are due to be presented by the end of March 2016 for review by the working group with the draft report due early May 2016 for comment by IESO and working group.