

# Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, Vice President, Conservation and Corporate Relations

Date: August 3, 2016

**Subject: IESO Business Update – Conservation**

This memorandum provides updates to the Stakeholder Advisory Committee (SAC) on the IESO's conservation initiatives.

## **Achievable Potential Study**

The IESO has completed an Achievable Potential Study (APS) to help inform electricity efficiency planning and programs in Ontario. Final results of the APS can be found online.

The overall study consists of two underlying components: a behind-the-meter generation study, and an energy efficiency study that includes an assessment of both short-term (Conservation First Framework 2015-2020) and long-term (2015-2035) energy savings potential. The results estimated that, within the Conservation First Framework (CFF) timeframe and budget there is approximately 7.4 TWh of achievable electricity savings available in Ontario. While this is consistent with the established province-wide target of 7 TWh, the study indicated that some LDCs may face challenges achieving their individual targets while other LDCs have the potential to surpass their individual targets.

The IESO initiated the study in 2015 as directed by the Minister of Energy and as required by the Energy Conservation Agreement. This was a collaborative approach with LDCs through the APS Working Group, which also included observers from Ontario's gas distributors, the Electricity Distributors Association, the Ministry of Energy, the Environmental Commissioner of Ontario's office, and the Ontario Energy Board. The working group provided a platform for LDC feedback, ensuring open communication between the IESO and LDCs throughout the process. This resulted in LDCs providing many recommendations that were carefully considered and addressed, including revisions to measure savings assumptions and applicability, program design elements, customer adoption rates, budgets, measures, and other

program specific elements that would directly impact the results of the study. Wherever possible, the IESO worked to reach agreement with the APS working group on the assumptions underlying the study. Where there were differing perspectives regarding options for methodology and assumptions, IESO looked to the advice of an independent expert panel and third party consultant for guidance.

The APS is a valuable tool for the province and LDCs in determining the potential for conservation savings and providing information on energy efficiency opportunities in their area. In addition, the study may be used to help inform regional planning and long-term energy planning.

### **Conservation Stakeholder and Community Engagements**

The IESO received a [Direction](#) on June 10, 2016 to centrally design, fund and deliver two new province-wide CDM programs in consultation with distributors. These new programs – a pay-for-performance program for multi-distributor consumers and a whole home pilot program for residential consumers will help LDCs achieve their CFF targets, address customer needs and support Ontario’s climate change objectives.

In response to this Direction, the IESO has launched two public engagements to get input from stakeholders and communities on draft program designs. Feedback obtained through these engagements are key considerations to ensure these programs will deliver cost-effective savings, meet customers’ needs and reduce barriers to participation.

The IESO hosted a public engagement webinar on July 21 for the province-wide pay-for-performance program as the first phase of engagement to get feedback on the [draft Engagement Plan](#) and [program design](#). A total of 54 attendees participated in this engagement webinar, including LDCs, gas utilities, engineering consultants, service providers, multi-distributor customers, and industry associations. During the engagement webinar, 34 questions were received from participants on the draft program design, which will be considered in addition to the written feedback received through [engagement@ieso.ca](mailto:engagement@ieso.ca). A formal IESO response to this feedback will be completed and posted on the engagement website by September 1. A second phase of engagement for the province-wide pay-for-performance program will include a public engagement webinar in early September to get feedback on the program contract/rules.

On July 26, the IESO also hosted a public engagement webinar for the province-wide whole home pilot with stakeholders and communities to review and get feedback on the [draft Engagement Plan](#) and [program design](#). A total of 82 attendees participated in this engagement webinar, representing a wide range of interested parties including LDCs, industry associations, service organizations, consultants, and vendors. During the engagement webinar, the IESO received 49 questions from participants on the draft which will be considered in addition to the written feedback received through [engagement@ieso.ca](mailto:engagement@ieso.ca). A formal IESO response to this feedback will be completed and posted on the engagement website by August 31.

## 2015 Conservation Results

Final 2015 Annual Verified Results are now available for all LDCs. Collectively LDCs achieved 1.1 TWh of energy savings (persisting to 2020) – representing 16% of the 7 TWh target. These results were achieved through both Legacy Framework and CFF programs. The results indicate a smooth transition between frameworks and demonstrate the continued collaboration between LDCs and the IESO in promoting a culture of conservation across the province.

The IESO remains committed to supporting LDCs in the delivery of conservation programs and 2015 marked some significant milestones, including the completion and approval of over 40 CDM plans and the implementation of 14 pilot programs and 5 local programs. Other highlights include:

- Business sector accounted for 79% of the net energy savings persisting to 2020 with the remainder 21% through the Residential sector.
- The Coupons program shifted toward ENERGY STAR® rated LED lighting, accounting for roughly 90% of coupons redeemed.
- The Retrofit program participation increased nearly 20%, and net energy savings increased by over 50% over 2014 results. Net-to-gross adjustments are trending higher than previous years, minimum of a 75% net-to-gross in all regions.
- The Process & Systems Upgrades program achieved a 20% increase in Capital Incentive projects totalling 12 in all, including 4 Behind-the-Meter Generation, and a broad spectrum of industrial processes and end-uses.

2015 also marks the first year that regional and local net-to-gross values have been employed where possible in certain programs, providing LDCs with a more granular analysis on their individual results. Province-wide 2015 Annual Conservation results will be available in September.