

## **IESO BUSINESS UPDATE**

To: Stakeholder Advisory Committee

From: Terry Young, VP Conservation and Corporate Relations

Date: September 24, 2015

**Subject: Conservation Update**

Information Item

This memorandum provides further updates to the August 13, 2015 presentation to the Stakeholder Advisory Committee (SAC) on initiatives within the Conservation First Framework (CFF).

### **Status of Conservations Plans**

As of September 24, the IESO had reviewed and conditionally approved 39 Conservation & Demand Management (CDM) Plans representing 68 local distribution companies (LDCs), and 6.3 TWh (90 per cent of the 7 TWh target). There are four remaining CDM Plans (representing seven LDCs) still under IESO review.

Eleven LDC pilot programs have been approved to date, testing a number of high potential ideas across residential and business sectors. In addition, four new local programs for Whole Home and Social Benchmarking residential programs are currently under review with the IESO.

### **Status of Industrial Accelerator Program**

The Industrial Accelerator Program (IAP) has been engaging transmission connected customers in energy efficiency programs since 2010. To date, more than 70 per cent of customers have participated in an element of the program.

In June 2015, the IAP successfully renewed until the end of 2020. The program was enhanced to include an Energy Managers initiative, where customers can apply for funding for an incremental resource to their company to manage energy efficiency projects. There has been strong uptake for this initiative, with five customers currently contracted, and many others interested in applying.

### **Pay for Performance Programs**

At this time, two LDCs have proposed Pay for Performance (P4P) programs for IESO approval. Both proposals are for business programs (Process and Systems Upgrade Initiative (PSUI) and Retrofit). P4P rates have been set by the IESO at \$0.25/kWh for Retrofit, \$0.24/kWh for PSUI-Generation projects and \$0.27/kWh for PSUI Efficiency Projects.

It is expected that by 2018, there will be enough knowledge and confidence for multiple LDCs and other parties to be designing and delivering conservation programs utilizing P4P. The IESO forecasts \$100 million of funding annually from 2018-2020 that will be dedicated towards LDC P4P programs.

Additionally, the IESO currently has a performance-based pilot in the commercial sector and is exploring additional pilots to test the concept in other sectors.

### **New Program Review Process**

The IESO understands the importance of streamlining the review and approval of Conservation First Programs/ Pilots while ensuring that ratepayer interests are protected through rigorous assessment of market opportunity and program cost effectiveness.

The IESO has taken steps to streamline its process by improving the intake and review of program business cases. These new improvements have been discussed with the Conservation First Implication Committee (CFIC) and will enable the IESO to improve on its commitment of a 60 day review period for program business cases.