

Memorandum

To: Stakeholder Advisory Committee

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

Date: October 19, 2016

Subject: IESO Business Update – Conservation

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

Conservation Results

Based on preliminary unverified results, as of June 30, 2016 Local Distribution Companies (LDCs) have collectively achieved 1.27 TWh of net persisting energy savings. This represents 18% towards the 7 TWh provincial Conservation First Framework (CFF) target by 2020. There are 42 approved CDM plans and to date, eight local programs and 30 local pilots have been approved. Pilots range from residential air-source heat pumps to home energy assessments. There are also province-wide programs in market being delivered by LDCs across the province, including the new Small Business Lighting program, Retrofit, Coupons, and Home Assistance Program among others. In addition, the LDC working groups have been proposing design changes to improve the customer experience of some business and residential sector programs. Key enhancements include new LED measures in the Retrofit program and improving the application process, adding new measures to the Coupons programs and exploring new incentives in the Heating and Cooling program.

Conservation First Framework Mid-Term Review

As presented to the Stakeholder Advisory Committee in August 2016, the IESO will be performing a joint mid-term review of the Conservation First Framework and Industrial Accelerator Program. The review will help to identify challenges and opportunities for 2018-2020 and will focus on conservation targets/budgets, lessons learned on LDC funding models, customer needs, program effectiveness (including LDC and IESO services), conservation

integration with regional planning, CFF alignment with Climate Change Action Plan (CCAP) initiatives and post-2020 approaches to energy efficiency. A multi-stakeholder advisory group will be formed as part of the engagement ensuring all interested parties have meaningful opportunities to provide feedback for consideration. As a result of the feedback provided by SAC in August, the review start time has been pushed back and we now plan to include two additional customers in the advisory group for a total of six customers.

Industrial Accelerator Program

As of Q3 2016, the Industrial Accelerator Program (IAP) has contracted .571 TWh (34%) of the 1.7 TWh target, including .179 TWh (11%) already in-service.

The Energy Manager incentive is the newest stream in the IAP – offering customers the opportunity to fund an in-house energy management resource in exchange for delivering a minimum of 2,000 MWh of annual savings. To date, 13 industrial customers have contracted with the Energy Managers program, with 10 Energy Managers already in place.

Looking ahead, the IAP will procure pay-for-performance based sales support in Q4 to help achieve the overall savings targets, which will include following up on completed studies and documenting enabled savings projects. In addition, efforts continue in engaging customers on the how their long-term capital plans can leverage IAP incentives.