

Feedback Form

2021-2024 Conservation and Demand Management Framework – Mid-Term Review

April 22, 2022

Feedback Provided by:

Name: Click or tap here to enter text.

Title: Click or tap here to enter text.

Organization: Electricity Distributors Association

Email: Click or tap here to enter text.

Date: Click or tap here to enter text.

Following the April 22, 2022 webinar on the 2021-2024 Conservation and Demand Management Framework – Mid-Term Review, the IESO is seeking feedback from participants on information presented at the April session or for any other areas of clarification.

The referenced presentation can be found under the April 22, 2022 entry on the <https://ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Conservation-and-Demand-Management-Mid-Term-Review>.

Please provide feedback by May 12, 2022 to engagement@ieso.ca. To promote transparency, this feedback, if provided in an AODA-compliant format (e.g. using this form) will be posted on the [CDM-MTR engagement webpage](#) unless otherwise requested by the sender.

Thank you for your time.

Proposed Discussion Questions from the April 22 presentation materials

| Topic | Feedback |
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| <p>Are there any emerging system needs or demand trends that IESO should be considering?</p> | <p>LDCs are actively engaged in discussions internally, with their municipalities, and with customers. Some of the emerging system needs that IESO and LDCs should be considering include:</p> <ul style="list-style-type: none">• electrified transportation• fuel switching to electricity• customer wanting to reduce energy consumption <p>Electrified transportation is alive in Ontario, including personal and fleet vehicles, and a growing trend to commercial trucks and transit systems. LDCs are involved in all aspects of this transformation.</p> <p>Fuel switching for building heat is becoming a growing issue for customers and municipalities. They want to contribute to a greener society by reducing or eliminating fossil-fuel based heating. However, they don't want fuel switching to result in a significant cost increase. Consequently, they turn to their LDC to find solutions to help with the energy transition.</p> <p>An example of effective collaboration to support customers is the London Hydro Enbridge Gas Hybrid Heating Pilot. It will determine how effectively electric air-source heat pumps, combined with homeowners' existing high-efficiency gas furnaces, can reduce greenhouse gas emissions, and decrease energy consumption, a strategic way to help manage electricity load growth and significantly drop heating fuel emissions.</p> <p>Early success with this program will see it expand to Sault Ste. Marie, St. Catharines and Peterborough with assistance from Hydro One and other LDCs.</p> <p>Over the next decade, we expect provincial demand to grow; however, each LDC service area will change at different rates making it imperative that LDCs be involved in efforts to cost-effectively reduce energy use in their areas so that savings materialize at the right place and at the right time.</p> |

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| | <p>From 2015-2017 LDCs worked with their customers to deliver an annual average saving of 1600 GWh. In 2021, the IESO delivered and had commitments for 381 GWh. LDCs' customer insights and trusted relationships can help bring back the savings.</p> |
| <p>How are customer needs changing? Are there emerging issues for your customer segment that should be considered?</p> | <p>Every day, LDCs are at the table with customers, understanding their needs and helping them succeed. LDCs' interactions with businesses and industry provides a direct conduit to customer sentiments and trends from the province's largest consumers. Not all energy needs across the province are the same; many require local solutions offered by their trusted LDC.</p> <p>Customers look to LDCs for advice, guidance, and support. LDCs are customer advocates. We are hearing of many new initiatives in sustainability, energy efficiency, and electrification. Snapshots of these discussions include topics such as:</p> <ul style="list-style-type: none"> • customers' climate policies and associated strategic and capital planning • approaches to net zero emissions (NZE) • helping municipalities achieve NZE deadlines <p>One of the often-discussed topics is how customers can save energy. They recall the cost-effective programs from LDCs and many feel that access to important programs is restricted. They are turning to LDCs to support their efforts to reduce energy and help achieve climate goals. LDCs are uniquely positioned to tailor solutions to meet the specific needs of each customer.</p> <p>Many LDC customers are looking to develop long-term strategies for their emissions reductions. Planning for NZE will require varying levels of investment and will undoubtedly follow a phased approach. Customers are seeking financial assistance for accelerating their plans and programs that will be consistently available to support them.</p> |

What program changes/new program opportunities might be beneficial to address emerging customer needs?

Provincial programs are important; local programs are critical to appropriately reduce the electricity supply gap. Some examples of needed solutions are:

- local programs to meet local needs
- organized fuel-switching programs (incl. Enbridge collaboration to support transition)
- low- and moderate-income programs targeted to local needs
- grid-enabled strategies

LDCs' customer insight and track record of cost-effective program delivery can be leveraged to understand how to best deliver programs to the local communities. LDCs are willing and prepared to provide "options to meet emerging regional needs and opportunities for other cost-effective non-wires alternative (NWA) solutions, such as building on successful utility-led NWA", as noted in the Minister's letter to the IESO dated April 4, 2022.

Many customers will be looking to add DERs - distributed energy resources (PV, energy storage, etc.). This can have a dramatic impact on local distribution infrastructure. As trusted advisors, LDCs understand how and where most customers will be implementing larger DERs. It is imperative that LDCs be involved in such important future initiatives, as customer advocates and as the organization responsible for a resilient local grid.

The IESO has also identified "upstream" programs, i.e., providing incentives to the supply chain rather than directly to customers, as an alternative to the current delivery model. This is not a new concept to the Ontario market as LDCs have previously been involved with supply chain programs. LDCs are well positioned to work with this channel to help ensure a seamless customer experience, ensure equitable access, and fair pricing for LDC customers.

How has COVID impacted your business? Do you foresee additional challenges as your business recovers from the impacts of the pandemic that may impact your ability to implement energy efficiency projects?

COVID has impacted all Ontarians. During the state of emergency, LDCs were considered essential workplaces, and LDCs have been working tirelessly to support their customers during the pandemic. During the height of the pandemic, LDCs delivered COVID-related funding programs to support customers.

Specifically with respect to energy efficiency projects, some customer projects have been impacted by material supply constraints resulting in delays and significant price increases. Many customers have deferred projects, and we anticipate that customers will be returning to their LDC for assistance in meeting their energy efficiency goals once the pandemic starts to fade. The IESO can connect with LDCs to leverage this backlog of cost-effective projects.

In addition, COVID has changed how people work. We anticipate that more work-from-home options will continue past the pandemic. This translates to changing load profiles in urban, suburban, and rural communities. LDCs will need to closely track loads and nimbly address needed supply issues for their local communities.

Are there systemic barriers that your organization or community faces when undertaking energy efficiency projects?

The lack of CDM reporting to LDCs is a barrier for accurate distribution system planning. LDCs will need appropriate reporting from the provincial programs so that they can be factored into the local planning process.

The current cadence of regional planning is insufficient to understand the impact on local hydro distribution assets. The convergence of issues (customers working from home, electrification, DER, etc.) makes planning more challenging. In order for LDCs to nimbly manage loads and distribution assets, they will need timely and relevant information from their customers and from the IESO. Waiting for a four-year regional planning cycle will not be sufficient as customer loads are continuously evolving.

The IESO has reports from its CDM vendors which can reasonably be provided to the LDCs to assist with local distribution system planning and with LDC customer relations. We do not see the benefits in withholding these reports.

Other General Comments/Feedback:

In 2019, the Minister terminated the Conservation First Framework. While this delivered savings to overall CDM spending, it also resulted in less cost-effective solutions and a forecast that requires the CDM program savings to return to the original levels. A coordinated effort will be required to meet the forecast supply-demand gap. In the first three years of the framework, needed savings were achieved by Ontario's families and businesses, while reducing peak demand by 648MW - enough to supply power to 100% of London Hydro's customers on the hottest day of the year. It is also equivalent to the capacity of the Halton Hills gas generation station, one of the largest gas fleets in Ontario, at a fraction of the operating costs. Business programs were delivered at an amortized system cost of under 1.5¢/kWh, based on verified results from the IESO.

LDCs continue to be a trusted advisor and customer advocate on energy-related issues. This is underscored by a 2,000-person survey conducted by Campaign Research in Feb. 2022, which showed that LDCs are the preferred provider of energy efficiency programs over other potential providers of energy efficiency programs by a 2:1 ratio, regardless of age and gender, political party affiliation or region of Ontario.

We look forward to ongoing discussions with the IESO and ministry officials to ensure that customers, and the electricity system as a whole, can leverage LDC expertise and the critical role that utilities can play in successfully delivering customized CDM programs. Together we can help mitigate Ontario's forecasted demand and energy supply gap.