

# IESO Response to Stakeholder Feedback

## 2021-2024 Conservation and Demand Management Framework: Mid-Term Review – April 22, 2022 Webinar

Following the April 22 engagement webinar on the 2021-2024 Conservation and Demand Management Framework: Mid-Term Review, the Independent Electricity System Operator (IESO) invited participants to provide feedback on the materials presented. The IESO received feedback from the following organizations:

- Electricity Distributors Association
- Green Integrations Inc.
- Hydro One Networks Inc.
- Hydro Ottawa Limited
- Ontario Energy Association

This feedback has been posted on the [engagement webpage](#).

Some of the feedback received focussed on questions of government policy and as such is outside of the IESO's authority. Feedback will be summarized and communicated to government in the IESO's reporting on the Mid-Term Review.

### Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders. The table below responds to the feedback received and is organized by each area of focus. This response document is provided for information purposes only. It does not constitute, nor should it be construed to constitute, legal advice or a guarantee, offer, representation or warranty on behalf of the IESO.

Feedback	IESO Response
<p>Emerging System Needs:</p> <ol style="list-style-type: none"> <li>1. Increasing demand at the provincial and local levels is expected as a result of emerging customer needs around decarbonization goals, electrification and net zero commitments</li> <li>2. The current cadence of regional planning may not be keeping pace with the change that is occurring in electricity system</li> <li>3. Local Conservation Demand Management (CDM) programs, and non-wires alternatives, will play an increasingly important role in managing system and customer needs, LDC involvement will be important to target solutions where they are needed most</li> </ol>	<ol style="list-style-type: none"> <li>1. The IESO appreciates that decarbonization initiatives and electrifying technologies are driving increases to forecasted electricity demand across various sectors. At the provincial level, the IESO is monitoring the impact of electrification on demand through the <a href="#">Annual Planning Outlook</a> forecasts and is exploring opportunities for further reliable electricity system decarbonization through the <a href="#">Pathways to Decarbonization study</a>.  At the local level, the IESO works closely with LDCs, local communities and industry stakeholders to understand the local impact of electrification through the regional planning process. These bulk and regional planning processes indicate that CDM is well suited to help mitigate the impacts of electrification on the electricity grid. The IESO will continue to work with LDCs, and other organizations responsible for demand forecasting, to understand the timing and magnitude of these changes.</li> <li>2. The <a href="#">IESO's Regional Planning Process Review report</a> identified a need to enhance between-cycle activities to support an ongoing dialogue among stakeholders and regional planning Technical Working Groups. These activities can include reviewing the accuracy of current load forecasts, monitoring the status of local supply, reporting on the status of previous planning recommendations and flagging new developments that may impact load growth. The IESO has identified a number of regions that are currently between cycles where periodic inter-cycle Technical Working Group meetings have/will be scheduled. Updates on these inter-cycle meetings will be shared in semi-annual <a href="#">Regional Planning dashboard</a> updates. The IESO will also continue to</li> </ol>

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	<p>advance the start of regional planning ahead of regular schedule for regions where developments warrant.</p> <p>3. The IESO recognizes and appreciates the expertise and relationships that LDCs bring to CDM program planning and delivery. The IESO currently shares CDM program updates with LDCs through regular communications; further, the IESO has made available to LDCs marketing and communication materials related to the 2021-2024 CDM Framework for use in-kind with their customers.</p> <p>The IESO is currently partnering with LDCs through the Save on Energy Local Initiatives Program to leverage CDM solutions to address identified regional needs throughout the province and will continue to explore opportunities to collaborate with LDCs to target CDM programs in areas of the province with identified system needs through the Local Initiatives Program.</p>
<p>Evolving Customer Needs</p> <p>1. Customers are seeking flexible programming that meets their changing needs – e.g., load shape changes resulting from organizations implementing work-from-home model, financial support and advice to manage decarbonization journey</p>	<p>1. The IESO works directly with consumers to help identify energy efficiency projects that will reduce costs, manage electricity usage and improve comfort and productivity through the Save on Energy programs. As customer needs evolve, the IESO is looking to adapt the Save on Energy initiatives to meet these needs. For example, in response to customer feedback, new measures have been added to the Retrofit program (e.g., variable speed domestic cold water boost system, network lighting controls, HVAC and industrial chillers), incentive amounts have been adjusted and new opportunities have been introduced (e.g., expanded non-lighting measures include HVAC and refrigeration to the Small Business Program).</p>

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	<p>Additionally, the IESO's <a href="#">Save on Energy capability building and training initiatives</a> enable the marketplace to build and expand their expertise through educational opportunities and training. These opportunities are being expanded as needs emerge. For example, the IESO is currently piloting an efficient electrification toolkit with some municipalities and hospitals, to help evaluate electrification project opportunities.</p>
<p>Program Changes / New Programs</p> <ol style="list-style-type: none"> <li>1. A need for greater collaboration on CDM programs including more opportunities for Energy Service Companies, LDCs; increased program coordination between all levels of government, LDCs and gas utilities</li> <li>2. Expand CDM programs to include distributed energy resources (DERs), renewables (e.g. solar), storage, on-site generation, fuel switching, beneficial electrification</li> <li>3. Introduce additional programs - upstream, residential, low/moderate income</li> </ol>	<ol style="list-style-type: none"> <li>1. The IESO recognizes that there remain opportunities for increased collaboration in addition to the program partnerships already established with Enbridge and Natural Resources Canada (NRCan), as well as in addition to the work being done with LDCs under the Save on Energy Local Initiatives Program. The IESO is actively exploring gas collaboration opportunities and is reviewing potential options for leveraging LDC knowledge and expertise to strengthen the effectiveness of provincial and local programs under the current framework.</li> <li>2. The list of measures that are eligible under the current CDM Framework has been developed to ensure that the portfolio of CDM programs is cost-effective to provincial rate payers. As system needs and associated benefits evolve, the list of eligible measures will continue to be reviewed and enhanced as appropriate to enable efficient electrification and demand-side solutions to continue to address electricity system needs.</li> <li>3. The IESO is exploring all additional opportunities for expanding the reach and performance of the existing program portfolio while prioritizing cost-effective savings and system benefit. The MTR is an important opportunity to consider</li> </ol>

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	<p>stakeholder feedback in this process to ensure new opportunities also meet customer needs.</p> <p>The CDM Framework currently supports an initiative for vulnerable consumers, the Save on Energy - Energy Affordability Program. This initiative provides energy efficiency measures and support, free of cost, to both low- and moderate-income households. The IESO engages quarterly with the <a href="#">Energy Affordability Program Roundtable</a> to discuss the initiative and opportunities to enhance income-qualified support programming in Ontario.</p> <p>As noted in the MTR engagement materials from the April session, the IESO is seeking feedback on the design of a midstream lighting initiative where incentives will be offered to the distributor to encourage increased stocking and sales of efficient lighting.</p>
<p>Impact of COVID-19</p> <ol style="list-style-type: none"> <li>1. Supply chain issues remain a concern, financial and project timelines continue to be impacted</li> <li>2. Customers have reported increased financial hardship (e.g., inflation and gas prices) as a result of COVID-19; consider re-introducing expanded residential CDM programs as a tool to help manage these hardships</li> </ol>	<ol style="list-style-type: none"> <li>1. The IESO continues to monitor marketplace feedback on the challenges related to project completions given supply chain issues and the broader impacts of COVID-19. Where possible, the IESO is committed to providing flexibility to ensure participants can complete projects and receive funding. The IESO will communicate changes to program expectations as they evolve and welcomes feedback on the challenges in order to fully understand the market need. To date, extensions have been made available to eligible participants with project completion dates in 2020-2022.</li> </ol> <p>The IESO is also reviewing incentive levels where applicable in light of rising equipment costs due to inflation. Any updates will be shared on the Save on Energy <a href="#">news and updates page</a></p>

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	<p>2. Further to the response regarding introducing additional programs in the section above, the IESO is exploring all additional opportunities for expanding the reach and performance of the existing program portfolio while prioritizing cost-effective savings and system benefit. The MTR is an important opportunity to consider stakeholder feedback in this process to ensure new opportunities also meet evolving customer needs and help respond to the challenges of COVID-19.</p>
<p>Systemic Barriers</p> <ol style="list-style-type: none"> <li>1. More coordinated approach and longer-term vision for energy programs in Ontario is needed to alleviate customer confusion</li> <li>2. Skilled labour shortages and loss of institutional knowledge over the past two years is making it difficult to move CDM projects forward</li> <li>3. More transparency in CDM reporting is required to support distribution system planning, request for IESO to share reporting from provincial programs</li> <li>4. Introduce additional opportunities for flexibility for local solutions</li> <li>5. In the design of a midstream lighting initiative, consider broadening eligibility beyond distributors to include Energy Service Companies to promote increased fairness in the industry.</li> </ol>	<ol style="list-style-type: none"> <li>1. The IESO understands that the structure of CDM and DSM program delivery – including separate electricity and gas portfolios and the periodic launching of new funding periods and frameworks – presents complexity to customers. As this structure is set by government policy, the IESO will communicate this feedback in its report back to government later this year. Additionally, the IESO is actively exploring opportunities for collaboration with other entities to improve program performance and customer experience. The IESO has collaborated with both Enbridge Gas Distribution Inc. and certain LDCs to deliver CDM programs.</li> <li>2. Save on Energy continues to offer <a href="#">capability building and training programs</a> which include incentives for training and skill building opportunities in Ontario. The IESO appreciates the impact of labour shortages and will continue to work with service providers and participants to offer support and resources so that CDM projects can be completed.</li> <li>3. Following the Ministerial Directive issued to the IESO in March 2019 to discontinue the Conservation First Framework, the IESO</li> </ol>

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	<p>ceased producing results at the LDC-level. The IESO will produce and publish province-wide results on an annual basis. There are currently no plans to publish reports with data at the LDC level; however, please contact the IESO on specific needs to support distribution system planning.</p> <p>4. The IESO will continue to explore opportunities to target CDM programs in areas of the province with identified system needs through the Save on Energy Local Initiatives Program, and through other emerging opportunities. Additionally, updates to the OEB’s <a href="#">CDM Guidelines</a> have enabled LDCs to leverage their distribution rates to fund CDM activities. The IESO will continue to work with LDCs to identify opportunities to develop collaborative solutions that stack these system benefits and maximize value to rate payers.</p> <p>5. The IESO is exploring a variety of program eligibility models while developing a design for a midstream lighting program, and recognizes the value that Energy Service Companies can provide in supporting energy efficiency programs. The MTR is an important opportunity to consider stakeholder feedback in this process, to ensure all perspectives are considered. This proposed approach will be evaluated with the goal of increasing participation, customer satisfaction, and program cost-effectiveness.</p>