

# IESO Response to Stakeholder Feedback

## 2021-2024 Conservation and Demand Management Framework: Mid-Term Review – July 19, 2022 Webinar

Following the July 19 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:

1. Electricity Distributors Association
2. Envervee
3. Enwave Energy Corporation
4. Ontario Energy Association
5. Ontario Greenhouse Vegetable Growers
6. Power Workers Union
7. Toronto Hydro-Electricity System Limited
8. Town of Caledon
9. BOMA Toronto

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, this has been documented as such in our response. Feedback will be summarized and communicated to government in the IESO's reporting on the Mid-Term Review later this year.

### 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><b>Theme:</b> Conditions Needed to Further Innovation and Market Based Solutions / Jurisdictional Success Stories</p>	
<p>Enable LDCs to:</p> <p>1) Directly participate in Conservation and Demand Management (CDM) activities, similar to other jurisdictions, with access to data to inform local customized program development.</p> <p>2) Participate in CDM beyond the Local Initiatives Programs to leverage knowledge and customer relationships (e.g., in the delivery of future programs like Existing Building Commissioning, Custom Lighting and Strategic Energy Management).</p> <p>3) Accurately determine lost revenue from CDM within their delivery territory by providing more detailed reporting.</p>	<p>1) The IESO recognizes and appreciates the expertise and relationships that LDCs bring to CDM program planning and delivery. The IESO is currently partnering with LDCs through the Save on Energy Local Initiatives Program (LIP) 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.</p> <p>In addition, 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. The IESO also shares CDM program updates with LDCs through regular communications.</p> <p>The IESO is open to exploring additional opportunities for collaboration with LDCs to meet emerging system needs.</p> <p>2) Further to the response regarding LDC's role in CDM activities above, LDCs have opportunities to participate in the current CDM Framework beyond the LIP for example, LDCs are also eligible to participate as a proponent in response to competitive procurements for CDM program delivery and can support with marketing programs to local customers.</p> <p>The Ontario Energy Board's (OEB) <a href="#">CDM Guidelines for Electricity Distributors</a> have also set out criteria for LDCs to leverage their distribution rates to fund CDM activities and other distributed energy resources as an alternative to wires solutions.</p> <p>3) The IESO stopped producing results reports at the LDC-level in 2019 as they are no longer a requirement of the CDM Framework direction. 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.</p>

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<p>The Local Initiatives Program (LIP) is restrictive in terms of its requirement to be non-duplicative with province-wide programs, it is requested that the IESO revisit their approach to delivering the LIP.</p>	<p>As part of the Mid-Term Review (MTR) and our response to the Minister's Letter regarding the 2022 Annual Acquisition Report, the IESO is considering options to enhance the LIP as per feedback received regarding the restrictive nature of the initiative.</p> <p>While the requirement in LIP for initiatives to be non-duplicative is in place to minimize consumer confusion and maintain cost-effectiveness, changing this requirement may be warranted in areas of local constraint. This is currently being reviewed for efficacy as part of the MTR.</p>
<p>Introduce more flexible program design parameters to allow for a more diverse suite of CDM programs with less stringent application processes to enable innovation.</p>	<p>The IESO will consider additional opportunities to offer program flexibility as part of the MTR process. Currently, the IESO offers flexible and custom project opportunities in programs such as the Energy Performance Program and the Industrial Energy Efficiency Program. Both programs offer opportunities for innovative approaches for energy savings where the energy efficiency activities are based on consumer choice rather than a prescriptive list. In addition, proponents with pilot project concepts may also apply for funds through the <a href="#">Grid Innovation Fund</a>.</p>
<p>Invest in / support storage of carbon produced through fossil fuel based-energy generation where carbon can be used as a sectoral input.</p>	<p>The IESO will communicate this feedback in its report back to government later this year. Carbon sequestration / storage is not an eligible CDM measure as part of the 2021-2024 CDM Framework direction.</p>
<p>Adopt the Framework for Energy Innovation Working Group benefit cost analysis that is under development by the OEB and help accelerate its completion; Collaborate with the OEB and the Ministry of Energy on the role of rate design in achieving the CDM objectives.</p>	<p>The IESO actively participates in the OEB Framework for Energy Innovation working group and we will continue to monitor developments related to the creation of a benefit cost analysis framework. Much of the discussion to date has centred on the U.S. National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources. This manual builds on the National Standard Practice Manual for Assessing the Cost Effectiveness of Energy Efficiency Resources, with which IESO's current CDM cost-benefit analysis is aligned</p> <p>Rate design in Ontario is not a responsibility of the IESO; however, the IESO works closely with other parties such as the OEB and Ministry of Energy as appropriate to examine this opportunity, a recent example includes the proposed <a href="#">Interruptible Rate Pilot</a>.</p>

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<p><b>Theme:</b> Program Gaps and Implementation Considerations</p>	
<p>Broaden availability of IESO delivered energy efficiency (EE) programs to include residential consumers and expand options for income-qualified consumers.</p> <p>Options put forward in the feedback for consideration in residential and income-qualified programming include an online marketplace - water heating measures, appliances and other plug loads (e.g., air purifiers, dehumidifiers, etc.).</p>	<p>As part of the MTR and our response to the Minister's Letter regarding the 2022 Annual Acquisition Report, the IESO is considering options to expand CDM programming to residential consumers, including demand response opportunities.</p> <p>Additionally, enhancements to the Energy Affordability Program (EAP) are currently being undertaken, which include exploring the inclusion of air source heat pumps for electrically heated homes. These enhancements are undertaken with input from EAP Roundtable participants who represent over 20 income-eligible organizations across the sector.</p> <p>The IESO is also exploring additional opportunities (including introducing new measures) to expand the reach and performance of the existing program portfolio while prioritizing cost-effective savings and system benefit.</p>
<p>Suggested Retrofit enhancements: 1) Re-introduce Custom Program.</p> <p>2) Consider fuel switching as an eligible measure.</p> <p>3) Address the disconnect between measurement and verification (M&amp;V) requirements and the participants' ability to provide the required data (e.g., scale back M&amp;V requirements, provide tools to help them navigate requirements).</p>	<p>1) The IESO has received feedback from a number of stakeholder groups requesting that a custom retrofit type offer be reinstated and we are considering this feedback as part of this review.</p> <p>2) At this time, fuel switching is not an eligible measure in Save on Energy Programs. The IESO will communicate this feedback in its report back to government later this year.</p> <p>3) M&amp;V is an important aspect of delivering cost-effective programs and ensuring value to the system and ratepayers by demonstrating the validity of claimed savings. The IESO allows a deemed savings approach for common well understood measures to streamline required participant effort in certain programs. Moving forward, <a href="#">Green Button</a> implementation should further improve access to customer meter data to support M&amp;V for custom projects.</p> <p>Incentives are also available through Save on Energy to build capability to participate in our programs (e.g., <a href="#">Certified Measurement and Verification Professional®</a> and <a href="#">Energy Efficient Building Operations trainings</a>)</p>

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<p>Re-introduce audit funding and explore upstream incentives for various measures.</p>	<p>At this time the IESO is prioritizing programs that directly contribute to achieving savings and is not considering reintroducing an audit funding program. Audits are, however, considered to be an eligible expense as part of the Industrial Energy Efficiency Program.</p> <p>The IESO is also exploring a variety of program participation models including opportunities for a midstream lighting program.</p>
<p>Suggested greenhouse sector enhancements:</p> <ol style="list-style-type: none"> <li>1) Leverage climate initiatives underway in municipalities and coordination of programming across government programs.</li> <li>2) Allow co-generation as a solution.</li> </ol>	<ol style="list-style-type: none"> <li>1) The IESO is exploring opportunities to collaborate with municipalities and the federal government on climate initiatives. The IESO recognizes the benefit of collaboration to improve the cost-effective delivery of programs, as well as improve the customer experience. There are some structural barriers around the alignment of funding cycles, mandates and regulations which are being explored to facilitate more collaboration and joint-delivery of programs.</li> <li>2) As part of the 2021-2024 CDM Framework direction, co-generation using purchased fuels is not an eligible measure. The IESO will communicate this feedback in its report back to government later this year.</li> </ol>
<p>Increase collaboration between LDCs, gas utilities, customers, contractors and other key stakeholders and develop a central website for all available energy efficiency program incentives for one-window approach to streamline application process.</p>	<p>Where possible, the IESO is actively exploring opportunities for collaboration with other entities to improve program performance and customer experience. To date, the IESO has collaborated with both Enbridge Gas Distribution Inc. and specific LDCs to deliver CDM programs. The IESO will communicate this feedback in its report back to government later this year.</p>
<p>Offer support for local generation projects and introduce additional programs to address electrification that is occurring across different sectors:</p> <ol style="list-style-type: none"> <li>1) Consider incentives for fuel switching.</li> <li>2) Support the transition to electric heat pumps.</li> <li>3) Consider opportunities for district energy and centralized heating and</li> </ol>	<p>As system needs and associated benefits evolve, the current list of eligible measures will continue to be reviewed and enhanced as appropriate to ensure cost-effectiveness for provincial electricity rate-payers and to enable efficient electrification and customer-sited solutions to continue to address electricity system needs.</p> <p>Enhancements to the Energy Affordability Program are currently being undertaken, which includes exploring the inclusion of air source heat pumps for electrically heated homes.</p>

<b>Feedback</b>	<b>IESO Response</b>
cooling plants to meet decarbonization goals.	
<p>Provide additional support for customers – sales and technical, as well as application support.</p> <p>Enhance local residents and business energy literacy and education on energy conservation.</p>	<p>The IESO is expanding opportunities for the marketplace to build technical knowledge through the Save on Energy capability building and training initiatives as needs emerge. For example, the IESO is piloting an efficient electrification toolkit with some municipalities and hospitals, to help evaluate electrification project opportunities. Additionally, program applicants and participants have the benefit of technical support through the Program Delivery Partners who can directly help and or refer interested consumers to appropriate resources.</p> <p>The IESO also provides tips and tools to residential consumers to help Ontarians improve the energy efficiency and comfort of their homes, manage their electricity use, and reduce their energy costs. The content is promoted on the Save on Energy website and on its social media channels, and through the Save on Energy quarterly residential newsletter.</p>
Maintain consistency of program delivery owner and longer framework terms to minimize disruptions and confusion in the marketplace	The IESO understands that the structure of CDM program delivery (including the periodic launching of new funding periods and frameworks) presents complexity to consumers and will communicate this feedback in its report back to government..

Feedback	IESO Response
<b>Theme:</b> General Comments / Feedback	
<p>Requesting the IESO undertake provide greater detail on what the IESO is specifically exploring and/or considering offering through additional portfolio opportunities (e.g., decarbonisation opportunities and load management)</p>	<p>Based on feedback from stakeholders to date, as well as the current assessment of system needs, the IESO is exploring ways to support consumers with respect to decarbonization of heating, utilization of distributed energy resources, and other strategies to better manage electrical loads, particularly in areas where grid constraints may be causing a barrier to new construction or expansion of existing operations. Further, as mentioned in other responses, the IESO is actively looking to collaborate with other sector entities where possible.</p>
<p>Provide additional details on program cost effectiveness by 1) clarifying the system needs that the investments in CDM are cost-effectively intended to address (2) providing additional and more granular data on the impact and cost-effectiveness of the current portfolio of programs under the 2021-2024 CDM Framework</p>	<p>1) The IESO’s 2021 <a href="#">Annual Planning Outlook</a> identifies new and increasing system needs (both capacity and energy) resulting from increased demand in all sectors of the economy. The <a href="#">Annual Acquisition Report</a> released earlier this year indicates that new actions will be required to deliver an additional 1,135 MW of capacity in 2025, increasing to 8,855 MW in 2029 beyond what is already underway in order to meet these needs.</p> <p>CDM plays an important role in meeting system needs along-side other demand and supply side solutions. Energy efficiency measures are prioritized in the IESO’s CDM programs based on cost-effectiveness, which means that the costs of delivering these measures is less than what would otherwise be spent to procure energy and capacity from other resources.</p> <p>As demand and system needs continue to evolve, the IESO will continue to monitor the impact to avoided system costs and the associated business case for undertaking CDM.</p> <p>(2) Evaluation results for the first year of the 2021-2024 CDM Framework (and preceding Interim Framework) will be shared this fall on the <a href="#">IESO’s evaluations reports webpage</a>.</p>
<p>Provide greater incentives for peak demand reduction for non class-A electricity customers to help meet system needs and support decarbonization.</p>	<p>The IESO has prioritized peak demand reduction through the inclusion of peak demand savings incentives and targets in recent frameworks including the 2021-2024 CDM Framework and associated <a href="#">CDM Framework Plan</a>. The IESO will continue to explore opportunities to target system peak demand reduction to meet emerging system needs.</p>