

Memorandum

To: Stakeholder Advisory Committee

From: Nik Schruder, Director, Energy Efficiency

Date: February 17, 2021

Re: IESO Business Update – Energy Efficiency

The following provides an update to members of the Stakeholder Advisory Committee (SAC) on energy-efficiency-related items.

2021 – 2024 Conservation and Demand Management (CDM) Framework

The IESO launched the new 2021-2024 CDM Framework on January 4, 2021. Programs continue to target those who need them most including opportunities for commercial and industrial customers, and ongoing support for income-eligible customers and on-reserve First Nation communities.

The IESO submitted the framework's CDM Plan to the Ministry on December 1, 2020. The CDM Plan provides details on plans for the achievement of the 2.7 TWh energy savings target and the 440 MW demand target within the allocated \$692 million budget.

Throughout the course of the four-year framework, the IESO will be introducing new programs. One of the first new programs to be launched is a call for proposals for significant energy efficiency projects from large industrial customers, with a proposed total budget of \$80 million. The IESO will be seeking input from industrial customers and other stakeholders beginning in Q2 2021 to inform program design and eligibility requirements. New opportunities are anticipated in other areas, including a new commercial building retro-commissioning program in 2022, and more significant program changes for the Retrofit and Energy Manager programs beginning in 2023.

A key objective of the new framework is cost efficiency achieved through competition. To this end, the IESO will be procuring new program delivery services for most ongoing programs throughout 2021 for the period 2022 – 2024. The marketplace will be informed of these opportunities through various outreach channels, including MERX.

A mid-term review of the framework is planned for the second half of 2022 to reassess and ensure alignment of the energy and demand savings targets and budget with the overall electricity system and consumer needs. This includes a review of local programming to address identified local/regional needs as well as lessons learned and recommendations on competitive mechanisms for procuring energy efficiency.

COVID-19 Update - The IESO and its Save on Energy vendors continue to work together to ensure the health and safety of our customers. The IESO is continuing to monitor the COVID-19 pandemic and following provincial guidance. Wait lists have been established for direct-install programs and remote support remains the preferred option for engaging with customers wherever possible.

2019 – 2020 Interim Framework

As of December 31, 2020, the IESO achieved 100 per cent of the 1,429 GWh energy savings target and 102 per cent of the 189 MW demand savings target based on paid and committed projects as of year end. The energy and demand targets have been achieved within the allocated budget. Interested customers whose applications were unable to be approved within the prescribed timelines for the Interim Framework are being transitioned into the new CDM framework.

Conservation First Framework

The IESO received a Ministerial directive on July 22, 2020, to extend certain timelines under the predecessor Conservation First Framework (CFF) from December 31, 2020 to June 30, 2021. Since then, the IESO has been working closely with local distribution companies (LDCs) to enable the extensions to in-service deadlines for CFF customers for applicable programs. Overall feedback indicates that the extension is being well received by customers and LDCs expressed appreciation for being consulted and supported through the process.

Energy Efficiency Auction Pilot

The Energy Efficiency Auction Pilot, funded through the Grid Innovation Fund, will procure up to 13MW of peak demand reductions from energy efficiency and non-dispatchable load-shifting resources and the learnings will inform long-term options to enable energy efficiency to meet system needs. The auction will be held in March 2021 for delivery of peak demand reduction for winter 2022 – 2023 and summer 2023.