

Memorandum

To: Stakeholder Advisory Committee

From: Nik Schruder, Director, Energy Efficiency

Date: August 4, 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. As of June 30, 2021, early results of the four-year framework are that IESO has paid or committed about 7% of the allocated \$692 million budget to achieve 8% of the 2.7 TWh energy savings target and 7% of the 440 MW peak demand saving target. Although the portfolio budget is experiencing increased budget pressures, the business portfolio is forecast to remain within the overall annual 2021 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 sought input from industrial customers and other stakeholders during the June Stakeholder Engagement meetings to inform program design and eligibility requirements.

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 have re-entered most markets in alignment with the provincial health and safety guidelines. Direct install vendors are working to schedule appointments with waitlisted customers. Other vendors are available for customer

meetings where required although remote support remains the preferred option for engaging with customers wherever possible.

2019 – 2020 Interim Framework

As of June 30, 2021, the IESO achieved 110 per cent of the 1,429 GWh energy savings target and 94 per cent of the 189 MW demand savings target based on paid and committed projects as of year end. The energy target has been achieved within the allocated \$353 M budget based on projects committed by the December 31, 2020 deadline. Interested customers whose applications were unable to be approved within the prescribed timelines for the Interim Framework have been transitioned into the current 2021-24 CDM Framework.

Conservation First Framework

The IESO received a Ministerial Directive on June 10, 2021, to further extend certain program timelines under the predecessor Conservation First Framework (CFF) from June 30, 2021 to December 31, 2021. Since then, the IESO has been working closely with local distribution companies (LDCs) to enable the additional extensions to in-service deadlines for CFF customers for applicable programs. In addition, the IESO has designed a more streamlined process for the approval of revised wind down estimates required for each applicable LDC to reduce administrative burden. Overall feedback indicates that customers appreciated the implementation of the additional extension to complete their projects and LDCs appreciated the new streamlined approach for the LDC wind down estimates.

Energy Efficiency Auction Pilot

In April, the [IESO announced](#) the results of Canada's first Energy Efficiency Auction Pilot. The Pilot secured 7.4 MW of energy reductions for the daily peak hours of winter 2022/2023 and 6.6 MW for summer 2023 – roughly enough to power more than 3,000 homes. Successful participants include Mohawk College, Unity Health Toronto, the City of London, Gerdau Ameristeel as well as a variety of aggregators, organizations who participate on behalf of multiple smaller consumers. The IESO used a competitive approach for the pilot, which enabled competition between customer-driven solutions and resulted in offer prices for the successful projects that are lower than typical energy efficiency business programs.

Save on Energy 10-year Anniversary

This year marks the 10th anniversary of the Save on Energy programming in Ontario. To mark this milestone, the IESO is profiling the significant achievements made by Ontarians over those years – 16TWh of energy savings as a result of 80 million energy-efficiency activities. The summer editions of Power What's Next (residential) and the Business newsletters will profile these achievements, a new webpage on the Save on Energy site shows the results by the numbers, and accomplishments will continue to be profiled through the fall. As it leads into its latest framework of programs, Save on Energy is continuing to evolve to support the province's future resource needs – including to help meet regional and peak requirements.