

Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, VP Conservation and Corporate Relations

Date: May 3, 2017

Subject: IESO Business Update – Conservation

The following is intended to provide an update to the members of the Stakeholder Advisor Committee (SAC) on a number of conservation-related items.

Whole Home

The IESO continues to work with gas utilities to finalize a Whole Home pilot that would integrate electricity efficiency measures into Enbridge and Union Gas' existing programs. The pilot is designed to improve customer convenience by establishing a one-window, one service provider multi-fuel energy efficiency program. Customers are offered incentives for retrofits/equipment upgrades through participating in home energy audits.

The existing gas utility programs focus on home heating measures (furnace upgrades and building envelope improvements such as insulation and air sealing.) The Conservation First Framework (CFF) will fund new electricity measures (e.g. air conditioners, appliances, education) in non-electrically heated homes and all measures (insulation, air sealing as well as conversions to air source heat pumps) in electrically-heated homes.

Upon execution of the contracts with each of the gas utilities, the IESO expects to make the program available to customers by summer 2017. The program is expected to include approximately 22,000 households by the end of 2017.

Ministerial Direction – Province-Wide Programs

A provincial directive dated December 16, 2016 from the Minister of Energy is being implemented which will ensure that all customers in Ontario have access to all of the CFF province wide-programs to help save on energy costs and make better energy efficient choices in their homes and businesses. Local Distribution Companies (LDCs) were given until May 1, 2017 to indicate which province-wide programs they will be delivering in their service territory with three options to consider. LDCs can elect to offer the province wide program with funding through their allocated CFF budgets with all savings attributed to the LDC's individual target; LDCs can elect to not offer a province wide program with the IESO funding the program through its CFF budget and savings attributed to the provincial target only; or for Direct Install province wide programs only (Home Assistance Program, Business Refrigeration Incentive Program and Small Business Lighting Program), LDCs can elect to offer the program and utilize a delivery agent procured and managed by the IESO. With this option the LDC will fund program delivery, through the IESO, utilizing their allocated CFF budget and savings will be attributed to the LDC's individual target.

An implementation plan related to the delivery of province wide programs was presented to LDCs in a March 16, 2017 webinar. The presentation discussed the options available to LDCs, as well as, next steps to ensure the Direction requirements are met.

The IESO will continue to collaborate with LDCs through working groups to ensure greater energy efficient benefits for all customers.

Conservation Results

LDC's are continuing to make progress towards their CFF targets.

Preliminary results as of December 31, 2016 indicated that the LDC-delivered CFF programs have achieved a total of 1.92 TWh (27%) of the 7 TWh CFF 2020 target. That number is expected to increase as LDCs have until the end of April to report on all 2016 savings for inclusion in the 2016 Verified Results Report.

Under the Industrial Accelerator Program, 0.6 TWh (35%) of the 1.7 TWh target is either in service or currently under contract and expected to come into service in 2017 and 2018.

IESO Support for Climate Change Action Plan

A verbal update with respect to the support the IESO will be providing to the Ontario Climate Change Solutions Deployment Corporation (OCCSDC) will be provided at the May 10 SAC meeting.