Ontario Climate Change Solutions Deployment Corporation

Annual Report

Fiscal 2017/2018

Results to March 31, 2018

November 2018

ON00003E (2019/10)

Disponible en français

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ON00003E (2019/10)

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Message from Chair and CEO

On behalf of the Board of Directors, I am pleased to provide the first annual report for the Ontario Climate Change Solutions Deployment Corporation (the Agency) for the period ending March 31, 2018.

During the period of this report, the Board, the Agency staff, and Ministry officials worked to establish the Agency, launch the inaugural programs, develop new programs, and most importantly, establish customer service approaches that would enable Ontarians to readily participate in the Agency’s programs. The Agency initiated 11 programs in the residential, commercial, manufacturing and agricultural sectors. The Agency’s program designs leveraged involvement and investment from the private sector by harnessing the leadership of the existing contractor community.

The Board actively supported the Agency set-up and focused on establishing a sustainable organization that would transition from rebates and grants to other forms of financial assistance, and transform the market. The Agency’s target market was complex and broad, yet a balance was achieved in the initial programs where participants co-funded to reduce energy use and emissions in their homes.

The Board is happy with its contribution in managing the Agency in a prudent and responsible manner. We encourage continual efforts to address the challenge of a changing climate with new approaches that are substantive, effective and balanced.

Addressing climate change will continue to provide a tremendous opportunity for innovation and market-based solutions. The end goal is to ensure a prosperous and resilient economy while we work together towards reducing the risks associated with climate change.

Parminder Sandhu
Chair & CEO

Our Organization

In February 2017, through Ontario Regulation 46/17 (O. Reg. 46/17) under the *Development Corporations Act*, the Ontario Climate Change Solutions Deployment Corporation (the Agency) was established. The Agency was a new board-governed non-profit provincial entity reporting to Ontario's Minister of the Environment and Climate Change (the Minister, now the Ontario Minister of the Environment, Conservation and Parks). The regulation defined the Agency's mandate, governance structure, objectives, activities and programs.

The Agency was established to provide one-window access for Ontarians to invest in proven climate change mitigation measures by addressing market barriers in the buildings and production of goods sectors. The fully mature operational model of the Agency was to transition into a sustainable entity modelled after industry best practices for 'green banks'.

Memorandum of Understanding (MOU) and Mandate Letter

Further to O. Reg. 46/17, the Agency on October 26, 2017 entered into a Memorandum of Understanding with the Minister that provided additional strategic direction, including:

- Achieve greenhouse gas (GHG) reductions through the deployment of ultra-low carbon solutions, with an emphasis wherever appropriate on fuel-switching, energy storage, renewable energy and deep energy retrofits, with a focus on homes, small and medium enterprises, and industry.
- Address the specific needs of low-income households; and,
- Work to serve the goal of market transformation.

In addition, the Minister issued a Mandate Letter to the Agency setting out expectations for fiscal year 2018/19 including priority actions and Agency performance. The intention of the letter was to inform the Agency's first annual planning cycle for 2018/19 and included the following priorities:

1. Continue establishing sound governance policies
2. Build public awareness of opportunities to reduce greenhouse gas pollution
3. Progress in implementing new transformative programs
4. Continue to engage stakeholders
5 Ensure accountability and financial prudence

The Agency is subject to direction from the Minister and the MOU provides for review of the Agency, which may include reviews of the mandates, powers, governance structure and/or operations.

Board of Directors

In June 2017, the Government completed the appointment of the Agency's initial Board of Directors (the Board) which was responsible for establishing the Agency's strategic direction and initial business plan.

The eight (8) Board members brought a diverse set of skills and expertise to the Agency, focusing on areas such as:

- Finance, governance, risk, and communications
- Sustainability and technologies to reduce greenhouse gas emissions
- Consumer marketing and addressing the needs of low-income communities
- Understanding and experience working with Indigenous Communities

Details of each Board member's experience, and term of appointment are provided in Appendix III. The Board's inaugural meeting was held in June 2017 and subsequent meetings were held monthly or more frequently as needed. The Board's activities focused on the following:

- Establishing five (5) Board Committees to oversee the creation of policies and setting out strategic objectives. Details of Board Committees and their responsibilities are included in Appendix III.
- Establishing governance structures including, but not limited to, a Risk Management Plan, Procurement Policy, and Delegation of Financial Authority.
- Receiving transition presentations from the Ministry and program design presentations from transfer payment recipients.
- Becoming fully operational including, but not limited to, banking set-up, binding of insurance policies, acquiring office space, and setting up IT resources,
- De-risking program concepts put forward by the Ministry, prior to the hiring of Agency staff, to minimize in-market operational risks.
- Approving program designs, program implementation plans, and communication plans
- Directing the development of the Agency's strategic plan, 3-year business plan, and stakeholder engagement plan.
- Conducting the CEO recruitment process.
- Developing and implementing a human resource plan aligned with the Agency's strategic goals and operating model.
- Setting up the Agency's organizational structure and initiating the staff recruitment process.
- Requesting the Chair to assume CEO duties on an interim basis.
- Directing program modifications to align with key programming principles.

Operating Model

Concepts for the initial set of programs were developed by the Ministry. As the Agency had not yet achieved operational independence, the Ministry, in consultation with the Board of Directors, entered into Transfer Payment Agreements on behalf of the Agency with other entities experienced in the design, development and delivery of consumer and business programming. This approach facilitated the immediate implementation of programs while enabling the Board to continue to build the organization.

All Agency procurements were completed by the Ministry, in consultation with the Board of Directors. Procurement agreements were assigned to the Agency in April 2018 when operational independence of the Agency was achieved. The Agency, working with Infrastructure Ontario under a Memorandum of Understanding, also entered into a short-term accommodation arrangement for temporary, fully-furnished office space.

The Agency achieved operational independence from the Ministry in late March 2018, when the following requirements came into place:

- A bank account;
- Insurance policies for Directors and Officers Liability, and Commercial General Liability; and
- Key operating staff were hired including a Chief Executive Officer, Financial Lead and Human Resources Lead.

Programming

All initial programs were designed and launched through Transfer Payment Agreements (TPAs) with the following entities:

- **Independent Electricity System Operator (IESO)**: The IESO designed and delivered programs that would improve consumer access to measures related to conservation and management of electricity use while reducing GHG emissions. This arrangement leveraged IESO's existing capacity and capabilities allowing rapid market implementation of programs. The IESO is currently supporting the delivery of the following programs:
    - GreenON Installations
    - GreenON Support
    - GreenON Rebates
- **Ontario Centres of Excellence (OCE)**: The Agency provided support to the OCE to establish the GreenON Industries program. GreenON Industries addressed the increasing demand from industry for support with projects that offered both environmental and economic advantages, offering an increased incentive level that considered the needs of larger projects with the potential for deeper GHG reductions. In addition to the GreenON Industries program, the OCE worked with the Agency to establish the following additional programs focused on reductions by small and medium sized businesses:
    - GreenON Food Manufacturing, supporting food and beverage manufacturers
    - GreenON Small and Medium Businesses, supporting businesses in the commercial and industrial sector to reduce energy consumption
- **Housing Services Corporation (HSC)**: The Agency worked with the HSC to establish a program that supported building upgrades in social housing with fewer than 100 units, which was identified as a gap in the marketplace. The program offered energy efficiency upgrades to improve the living conditions for low-income and vulnerable tenants and the long-term sustainability of buildings.
- **Ontario Soil and Crop Improvement Association (OSCIA)**: The Agency worked with the OSCIA to deliver the GreenON Agriculture program, supporting Ontario Farm businesses that produce agriculture commodities in permanent, climate-controlled buildings (e.g. swine or poultry barns, greenhouses) or using grain dryers, to improve energy efficiency, resulting in reduced GHG emissions.
- **NAN Corporate Services (NAN):** The Agency established a Transfer Payment Agreement with NAN to provide incentives to replace inefficient wood and fossil fuel heating systems with modern, high-efficiency wood heating systems in households and multi-unit residential and commercial buildings. NAN Corporate Service was acting as a coordinating agent on behalf of six (6) First Nations who are members of Nishnawbe Aski Nation (NAN).
- **Wikwemikong Development Commission:** The Agency established a Transfer Payment Agreement with Wikwemikong Development Corp to provide incentives to replace inefficient wood and fossil fuel heating systems with modern, high-efficiency wood heating systems in households and multi-unit residential and commercial buildings.
- **Economic Development Corp of Wawa (Wawa):** The Agency established a Transfer Payment Agreement with Wawa to provide incentives to replace inefficient wood and fossil fuel heating systems with modern, high-efficiency wood heating systems in households and multi-unit residential and commercial buildings.

- **The Corporation of the Municipality of Sioux Lookout (Sioux Lookout):** The Agency established a Transfer Payment Agreement with Sioux Lookout to provide incentives to replace inefficient wood and fossil fuel heating systems with modern, high-efficiency wood heating systems in households and multi-unit residential and commercial buildings.

Programming Details

The Agency’s programs addressed a complex set of barriers that homeowners, building owners, businesses, and industries are facing when making investment decisions to manage and reduce their energy consumption. All programs were designed to provide solutions which result in recurring energy cost savings and permanent GHG emissions reductions.

Program Accomplishments as at March 31, 2018

The following table lists the full suite of programs:

<table>
<tr><th>Name Status</th><th>Description</th><th>Key Metrics</th></tr>
<tr><td>GreenON Installations and GreenON Support
In Market
Launched
August 30, 2017</td><td>TPA recipient: IESO
These programs provided the following: installation of a smart thermostat along with education and training on its use and functionality, a high level home energy assessment by the installer to provide residents with ideas to manage energy and water use, reduce GHG emissions and reduce costs, a more detailed home energy report, and access to a support line to answer further questions.
This program was eligible for Federal Funding from the Low Carbon Economy Leadership Fund (LCELF).</td><td>140,506 registrants in program
52,248 home visits completed
42,028 home energy reports issued
370 transfers to technical support call center since launch
47,140 smart thermostat installations completed since launch
110 active technician installers as of March 31, 2018</td></tr>
<tr><td>GreenON Rebates
In Market
Launched
December 13, 2017</td><td>TPA recipient: IESO
This program offered rebates ranging up to 75 percent of total costs for eligible energy efficiency improvements. Rebate values also included a pre-determined maximum threshold to minimize market price distortions.
This program was eligible for Federal Funding from the Low Carbon Economy Leadership Fund (LCELF).</td><td>5,898 technology rebate applications submitted since launch
1,802 approved contractors registered for programs
5 big-box retail contractor networks engaged (Home Depot, Lowes, RONA, Costco, Home Hardware)
11,345 smart thermostats rebate applications ($100 rebate cost shared with Ontario electric utilities) submitted since launch
9,464 rebates processed</td></tr>
</table>

Name Status	Description	Key Metrics
Social Housing Multi-Unit Residential Retrofits In Market Launched February 9, 2018	TPA recipient: Housing Services Corporation (HSC) This program provided full funding for eligible retrofits in social housing apartment buildings with fewer than 100 units. Budget $25,000,000.	• 41 Municipalities had signed up to participate in the program
Modern Wood Heating Pilots Under Development	Transfer Payment Agreements with 2 Indigenous and 2 municipal organizations. The program was to provide incentives to replace inefficient wood and fossil fuel heating systems with modern, high-efficiency wood heating systems in households and multi-unit residential and commercial buildings. Budget $6,752,392.	TPA recipients: • The Corporation of the Municipality of Sioux Lookout • Economic Development Corporation of Wawa • NAN Corporate Services • Wikwemikong Development Commission
Small and Medium-Sized Enterprise (SME) Support and Rebates Under Development	TPA recipient: Ontario Centres for Excellence (OCE) The program was to provide financial incentives for small and medium-sized entities to obtain expert advice on various GHG-reducing measures and grants to implement such measures. Budget $40,000,000. This program was eligible for Federal Funding (LCELF).	• Targeting 1,000 individual businesses
GreenON Agriculture In Market Launched February 15, 2018	Ontario Soil and Crop Improvement Association (OSCIA) This program was to help eligible farmers improve energy efficiency in their climate-controlled production facilities, greenhouses and grain dryers, resulting in reduced GHG emissions. Budget $7,250,000. This program was eligible for Federal Funding (LCELF).	• Number of applications received • Number of projects awarded • Amount of project funding leveraged • GHG reductions achieved post project implementation

Name Status	Description	Key Metrics
GreenON Food Manufacturing In Market Launched February 15, 2018	TPA recipient: OCE This program provided financial incentives for food and beverage processing facilities to adopt innovative, cleaner technologies, with opportunities for low-carbon fuel use, waste heat recovery, improved air balance and upgraded refrigeration systems, resulting in reduced GHG emissions. Budget $3,750,000. This program was eligible for Federal Funding (LCELF).	• Applications received • Number of projects awarded • Amount of project funding leveraged • GHG reductions achieved post project implementation
GreenON Industries In Market Launched December 8, 2017	TPA recipient: OCE GreenON Industries provided match-funding for projects that would lead to GHG pollution reductions in buildings and in the production of goods for large emitters and other industrial, commercial and institutional facilities. Budget $200,000,000. This program was eligible for Federal Funding (LCELF).	• Number of applications received • Number of projects awarded • Amount of project funding leveraged • GHG reductions achieved post project implementation
GreenON Challenge In Market Launched March 5, 2018	The GreenON Challenge was a market transformation program with two goals: 1. Solicit proposals and ideas directly from the marketplace on the barriers and potential solutions to advancing low carbon technologies and projects with a specific focus on financing, leveraging private capital, and non-rebate program types. 2. Select projects that are the most strategically aligned with the Agency's mandate and the most promising in terms of: (a) identifying a clear barrier to adoption; (b) addressing that barrier with a solution(s) that can contribute to transformation of the market Budget allocation of up to $300 million over a 3-year period	• The program criteria focused on innovation, scalability, transformation capacity, and the leverage of private capital

Analysis of Financial Performance

Overview of OCCSDC's 2017-18 Financial Statements

From the date of inception to the end of the first fiscal year, the Agency focused on meeting its objective through grant funding agreements (transfer payment agreements) with entities to deliver programs that deploy commercially available technology to reduce greenhouse gas emissions from buildings or the production of goods. In its first fiscal year, the Agency received funding of $101,447,800 from the province's Greenhouse Gas Reduction Account and made the following payments in accordance with the terms of the respective transfer payment agreements.

Program	**Recipients(s)**	**2018 ($000's)**
Residential		
Residential Programs - Installations, Support, and Rebates	Independent Electricity System Operator	32,594
Social Housing	Housing Services Corporation	10,000
Modern Wood Heating	Economic Development Corporation of Wawa, The Corporation of the Municipality of Sioux Lookout, Wikwemikong Development Commission, NAN Corporate Services	2,973
		45,567
Businesses		
Covered Agriculture	Ontario Soil and Crop Improvement Association	3,000
Food and Beverage Manufacturing	Ontario Centres of Excellence Inc.	2,000
Industries	Ontario Centres of Excellence Inc.	30,365
Support to Small-Medium Enterprises	Ontario Centres of Excellence Inc.	15,000
		50,365
		95,932

Prior to the Agency becoming operationally independent from the Ministry of the Environment, Conservation and Parks (formerly the Ministry of the Environment and Climate Change) in mid-March 2018, all administrative costs and costs for procured services such as third party services for website development and management, call centre management, program design, communications and marketing, were the responsibility of the Province. These costs which totalled approximately $9.8 million, are not included in the Agency's March 31, 2018 financial statements.

Additional expenses incurred directly by the Agency, once the Agency became operational in mid-March 2018, were limited to:

- salaries and benefits for the Agency's initial and/or newly hired employees ($135,000);

- accommodation search and rental expense related to the Agency’s newly leased office space with a license term of March 26, 2018 to September 30, 2018 ($8,000);
- minor staff-related travel; and
- other expenses ($2,000).

As at March 31, 2018, the Agency held a cash balance of approximately $5.5 million to cover operating expenses of the Agency for fiscal year 2018-19.

Subsequent to March 31, 2018, the Agency's financial position and viability was impacted by a number of significant events including:

- The Province entered into a funding agreement with the Federal Government for funding related to programs designed to meet Ontario's commitments under the Canada-Ontario Low Carbon Economy Leadership Fund Funding Agreement.
- On July 3, 2018, the Province filed Ontario Regulation 386/18 Prohibition against the Purchase, Sale and Other Dealings with Emission Allowances and Credits under the *Climate Change Mitigation and Low-carbon Economy Act, 2016*, which ended the cap-and-trade program, through which the Agency and its initiatives are funded. With the cancellation of the cap-and-trade program, the Agency's access to the Federal government funding noted above is uncertain.
- On July 12, 2018, the Agency received direction from the Minister of the Environment, Conservation and Parks (formerly the Minister of the Environment and Climate Change) to carry out an orderly wind-down of the Agency's programs and to prepare an orderly wind-down plan for the Agency. This includes winding down the grant funding programs supporting low carbon technology deployment.

Appendix I: Board of Directors

Parminder Sandhu, Chair

Term: May 31, 2017 - May 30, 2020

Parminder Sandhu was the CEO of Vistera Capital Group and Astera Capital Partners Inc. He is the former Senior Vice-President of Clearesult Canada Inc. He has more than 20 years' experience in the energy industry primarily on the design and delivery of energy efficiency programs. He began his career in residential water and energy conservation, progressed to the commercial and institutional sector, and then to the industrial sector spanning all fuel types and renewables. He has planned, designed, implemented, or supported the approval of programs in excess of $1.5 billion in aggregate budgets in jurisdictions across North America including BC, California, Washington, Oregon, Minnesota, and Ontario. Parminder holds a Bachelor of Engineering and is a member of Professional Engineers and Geoscientists of British Columbia.

Gabriella Kalapos, Vice Chair

Term: May 31, 2017 - May 30, 2020

Gabriella Kalapos has been working to motivate and support local government action on advancing sustainable communities for over 25 years through her work at the Toronto Environmental Alliance, ICLEI-Cities for Climate Protection campaign, and currently as Executive Director at Clean Air Partnership. Her focus has been on encouraging, supporting and monitoring the implementation of clean air and climate change actions and building of partnerships that enable collaboration between the community and all levels of government.

Dennis Fotinos, Member

Term: June 7, 2017 - resigned October 4, 2018

At the time Dennis Fotinos was appointed to the Board, he was the Executive Chairman, North America for Enwave Energy Corporation. He was responsible for overseeing corporate governance and establishing and managing the long-term growth strategy of the business. He had been Chair of the non-profit Toronto District Heating Corporation (1998-2000), where he initiated and led the privatization efforts that ultimately led to the creation of Enwave. Then, as President and CEO of Enwave from 2001-2016, he led the transformation of the company into an industry leader with a focus on sustainability. Dennis Fotinos is currently the President of Noventa Energy Partners.

John Gorman, Member

Term: May 31, 2017 - resigned October 10, 2018

John Gorman is the President and CEO of the Canadian Solar Industries Association (CanSIA). Immediately prior to joining CanSIA he held the position of Senior Vice President, Empower Energy Solutions - an innovative, global integrator of energy systems.

Elizabeth McDonald, Member

Term: May 31, 2017 - resigned June 17, 2018

Elizabeth McDonald has experience as a senior executive, industry advocate, industry advisor and board member with over 25 years' experience in government relations, advocacy, organizational management, and communications with an accomplished record of service as a diplomatic intermediary between industry and government. In August of 2012, she accepted the position of President and CEO of the Canadian Energy Efficiency Alliance (CEEA). She previously was President of the Canadian Solar Industries Association.

Michael Lio, Member
Term: June 7, 2017 - resigned October 5, 2018

Michael Lio is a nationally recognized housing and energy expert. He is currently President of buildABILITY Corporation, a firm specializing in facilitating change within organizations that focus on the built environment. Michael also served as President of EnerQuality Corporation, a company that delivered major housing energy efficiency programs in Ontario.

Susan Lo, Member
Term: June 7, 2017 - June 6, 2020

Sue Lo is the former Assistant Deputy Minister and Chief Drinking Water Inspector for the Ontario Ministry of Environment and Climate Change. Prior to that she was the former Assistant Deputy Minister at the Renewables and Energy Efficiency Division of the Ministry of Energy. She is a seasoned policy, operations and communications professional with a proven track record of building and leading high performance teams, delivering on key government initiatives and providing quality strategic advice.

Tim Stoate, Member
Term: June 7, 2017 - June 6, 2020

Tim Stoate's 38-year career in the finance sector began in banking operations within Canada's top-tier commercial lenders where he managed syndication and lending portfolios up to C$60 million, and developed and implemented oversight programs and specialized products, accounting procedures and controls, as well as anti-money laundering practices and procedures.

Board Committees as at March 31, 2018

Committee	Description	Chair	Members	Meetings
Board of Directors	The Board of Directors is responsible for governing the organization by establishing broad policies and setting out strategic objectives.	Parminder Sandhu Vice-Chair: Gabriella Kalapos	Dennis Fotinos Elizabeth McDonald John Gorman Michael Lio Susan Lo Tim Stoate	Committee meetings to be held monthly and will be 1 day in duration.
Governance	The Governance Committee provides advice and assistance to the Board of Directors on issues related to governance of the Corporation, the stewardship role of the Board with respect to the management of the corporation, and the functioning of the Board to assist OCCSDC in enhancing its performance.	Michael Lio	Dennis Fotinos Elizabeth McDonald Susan Lo Parminder Sandhu	Committee meetings to be held as needed, with a minimum of 1 meeting per quarter. Meetings can be held in person or via tele-conference.
Finance, Investment, Risk, Audit & Accounting (FIRAA)	The purpose of the Finance, Investment, Risk, Audit and Accounting Committee is to assist the Board in fulfilling its obligations and oversight responsibilities related to financial performance and reporting, internal controls and risks, and legal and regulatory compliance of the corporation.	Tim Stoate	Dennis Fotinos Susan Lo Parminder Sandhu	Committee meetings to be held on a bi-weekly basis.
Programs	The purpose of the Programs Committee is to assist the Board in fulfilling its obligations and oversight responsibilities related to program design, delivery and evaluation and when applicable make recommendations to the Board for approval.	John Gorman	Dennis Fotinos Elizabeth McDonald Gabriella Kalapos Parminder Sandhu Tim Stoate	Committee meetings to be held as needed, with a minimum of 1 meeting per quarter. Meetings can be held in person or via tele-conference.
Human Resources	The purpose of the Human Resources Committee is to assist the Board in fulfilling its obligations and oversight responsibilities related to strategic workplace planning, senior management human resources and compensation decisions, and the organization's human resources	Gabriella Kalapos	Michael Lio Tim Stoate Susan Lo Parminder Sandhu (invited)	Committee meetings to be held as needed, with a minimum of 1 meeting each quarter. Meetings can be held in person or via

Committee	Description	Chair	Members	Meetings
	policies, and when required make recommendations to the full Board for approval.			tele-conference.
Stakeholder Engagement & Communications	The purpose of the Stakeholder Engagement and Communications Committee is to assist the Board in fulfilling its obligations and oversight responsibilities related to communications and stakeholder engagement for the agency, and when applicable make recommendations to the Board for approval.	Elizabeth McDonald	Susan Lo Gabriella Kalapos John Gorman Parminder Sandhu	Committee meetings to be held as needed, with a minimum of 1 meeting per quarter. Meetings can be held in person or via tele-conference.

Appendix II: Program Design and Delivery Principles

The Agency utilized the following six principles for market effective program design:

1. **Evidence-based:** The Agency designed programs based on empirical data of historical GHG emissions in its target sectors of private buildings, businesses, and industries, to enable citizens and businesses to invest in low-carbon technologies.
2. **Fairness**: It was essential that the Agency's programs were designed to be accessible by all Ontarians and that they met the unique needs for specific markets. These markets included:
    - Single-family and multi-family households;
    - Low-income households;
    - Indigenous communities;
    - Commercial and manufacturing businesses, including agricultural, and food businesses; and
    - Industrial facilities.
3. **Stakeholder input:** It was essential that the Agency engage stakeholders and partners to inform program design as well as solicit feedback on existing programs and make changes as appropriate to their design and delivery.
4. **Long-term targets:** The Agency offered immediate rebates and grants to encourage program participation but also understood that meeting long-term targets for 2030 and 2050 requires fundamental market transformations.
5. **Pilot programs and initiatives:** It was recognized that program ideas and concepts must continually evolve and innovate towards deeper savings. The Agency developed a pipeline of pilot initiatives that incorporated stakeholder thinking and ideas, and was constantly scanning other jurisdictions for ideas.
6. **Creating environmental, economic, and social benefits**: All programs were designed to not only achieve GHG emissions reductions, but also to have economic and social benefits including:
    - Saving money on energy bills;
    - Creating jobs;
    - Stimulating innovation; and
    - Helping businesses become more competitive.

Additional considerations also factored into the Agency's program design. These included the following:

- **Ontario's five regions** (Central, Eastern, Southwestern, Northern, and the Greater Toronto Area (GTA)) vary in size, geography, climatic zones, supply chain variations, economic structure and performance, with the GTA accounting for almost 50 per cent of provincial GDP and employment. It is imperative to balance programs across Ontario's disparate regions, and specifically, to design programs with each region's economic outlook in mind.
- **Barriers to Adoption.** Most of Ontario's electricity needs are met by emissions-free energy, with less than 10 per cent coming from petroleum-based sources. This means the majority of GHG emissions from buildings are a result of natural gas combustion, which is primarily used for heating. This creates a challenge, since the cost of heating using natural gas is significantly less than the cost of heating with electricity. The Agency will need to address this barrier to transition through program design.

- **A Structured and methodical** program design and management framework was needed that is evidence-based, incorporates program logic models, is anchored in measuring specific technical specifications and geographically-specific data, factors-in current cost data of measures, and develops, tracks and reports on performance metrics.
- **Program collaboration and integration** with existing Demand Side Management (DSM) and Conservation Demand Management (CDM) programming was necessary. This collaboration and integration can occur in various forms from simple coordination of program announcements to joint program delivery.

Performance Management Framework and Measurement

Concurrently, the Agency was designing a performance management framework for all programs. In establishing the performance measurement framework, the Agency considered the following elements:

- **Relevance**: The ability of the metric to be a reliable indicator of the outcome;
- **Materiality**: The importance or significance of the outcome or of the metric to be measured; and
- **Measurability**: The ability to cost-effectively and accurately measure the metric.

The top four key performance metrics that would have guided all evaluations are provided in the following table:

Impact • Absolute GHG emissions reductions • Quality and quantity of participation • Job creation or preservation • Development of the low-carbon supply chain • Capital leverage from the private sector	**Customer Service** • Customer satisfaction scores • Equitable and fair program access • Responsiveness • Customer bill savings • Cross promotion of all available programs
Prudence • Cost-effectiveness • Responsible program delivery costs • Holistically addresses barriers • Balances short-term and long-term outcomes	**Reputation** • Brand recall • Minimizes the Agency's GHG footprint • Net promoter score • Valuing other benefits

The Agency planned to monitor program performance and outcomes and apply any learnings towards continuous program improvement.

Ontario Climate Change Solutions Deployment Corporation

Financial Statements
March 31, 2018

Management's Responsibility for Financial Reporting

The management of Ontario Climate Change Solutions Deployment Corporation (OCCSDC) is responsible for the integrity and fair presentation of the financial statements accompanying this report. The financial statements have been prepared in accordance with Canadian public sector accounting standards and of necessity include some amounts that are based on estimates and judgements.

OCCSDC maintains systems of internal accounting controls designed to provide reasonable assurance that the financial information is accurate and reliable, the company assets and liabilities are adequately accounted for, and assets are safeguarded. The systems include policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The financial statements have been reviewed by OCCSDC's Finance, Investment, Risk,Audit and Accounting (FIRAA) Committee and have been approved by its Board of Directors. In addition, the financial statements have been audited by the Office of the Auditor General of Ontario, whose responsibility it is to express an opinion on whether they have been prepared in accordance with Canadian public sector accounting standards. The Independent Auditor's Report that appears as part of the financial statements outlines the scope of the Auditor's examination and opinion.

On behalf of management,

Parminder Sandhu
Interim CEO
Toronto, Ontario
August 10, 2018

Office of the Auditor General of Ontario

Independent Auditor's Report

To the Ontario Climate Change Solutions Deployment Corporation

I have audited the accompanying financial statements of the Ontario Climate Change Solutions Deployment Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information (together the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Climate Change Solutions Deployment Corporation as at March 31, 2018 and the result of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Future of the Corporation

While not affecting my opinion, I draw attention to note 6 to the financial statements which indicates that the Provincial government will be winding down the Corporation.

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Auditor General
Bonnie Lysyk, MBA, FCPA, FCA, LPA

Toronto Ontario
August 10, 2018

Statement of Financial Position

As at March 31, 2018

Assets	2018 ($000's)
Current Cash - unrestricted	5,481
Interest Receivable	26
Liabilities and Net Assets	**2018 ($000's)**
Current Liabilities Accounts payable and accrued liabilities	110
Net Assets Unrestricted fund	5,397
	5,507

Susan Lo
Director

ParminderSandhu Chair

See accompanying notes to financial statements

Statement of Operations

For the Year Ended March 31, 2018

Revenue	**2018 ($000's)**
Province of Ontario	101,448
Interest Income	26
	101,474
Expenses	**2018 ($000's)**
Grant Funding Program Supporting Low Carbon Technology Deployment - (Note 3)	95,932
Salaries and Benefits	135
Buildings and Office Space Leases	8
Travel and Other Expenses	2
	96,077
Excess of revenues over expenses	**5,397**

See accompanying notes to financial statements

Statement of Changes in Net Assets

For the Year Ended March 31, 2018

Net Assets	**2018 ($000's)**
Net assets, beginning of the year	5,397
Excess of revenues over expenditures for the year	
Net assets, end of year	**5,397**

See accompanying notes to financial statements

Statement of Cash Flow

For the Year Ended March 31, 2018

Cash Flow	2018 ($000's)
Excess of revenues over expenses	5,397
Net change in non-cash working capital	84
Increase in cash during the year	5,481
Cash, beginning of year	
Cash, end of year	**5,481**

See accompanying notes to financial statements

1. Nature of Corporation

The Ontario Climate Change Solutions Deployment Corporation (OCCSDC) (the “Corporation”) was established as a crown-controlled corporation without share capital on February 17, 2017. The Corporation became operational when the Board of Directors was established in June 2017 and reached operational independence from the Ministry of the Environment, Conservation and Parks (formerly the Ministry of the Environment and Climate Change) in mid-March 2018. As a result, there were no expenditures in fiscal year 2017. The Agency's objective is to stimulate the development of industry, trades and business undertakings in Ontario that further the deployment of commercially available technology that reduces greenhouse gas emissions from buildings and from the production of goods by:

(a) Providing information

(b) Engaging in marketing

(c) Providing services and arranging for services to be provided

(d) Providing incentives and engaging in financing activities , including providing incentives to individuals

(e) Stimulating private sector financing

(f) Researching market barriers that inhibit the deployment of commercially-available technology and addressing these barriers

In order to meet its objective, the Corporation has the capacity to enter into agreements with private and public sector entities. The Corporation tracks the dollar value of such agreements to demonstrate the impact of the Corporation's investment.

The Corporation is currently dependent on the receipt of funding from the Provincial and/or Federal Government to operate and deliver its programs. The Corporation's primary funding source is the Province's 'Green House Gas Reduction Account ' which receives revenues via the Provinces participation in the cap and trade program.

The Corporation is a not-for-profit organization, and thus not subject to income tax.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, as issued by the Public Sector Accounting Board of the Chartered Professional Accountants (CPA) Canada.

(b) Revenue Recognition

The Corporation follows the deferral method of accounting for revenues.

Province of Ontario Grant

The Corporation is funded by the Province of Ontario. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in a subsequent period when the related activity occurs.

Interest Income

Interest income is recognized in the period in which it is earned.

(c) **Use of Estimates**
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates.

(d) **Financial Instruments**
Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, liquidity, or credit risks arising from these financial instruments. The Corporation's financial instruments are accounted for as follows:

- Cash and cash equivalents are measured at amortized cost, which approximates fair value.
- Accounts receivable are stated at amortized cost.
- Accounts payable and accrued liabilities are stated at cost.

3. Grant Funding Program Supporting Low Carbon Technology Deployment

In its first year of operations, the Corporation focused on meeting its objectives through grant funding agreements with entities to deliver programs that deploy commercially available technology to reduce greenhouse gas emissions from buildings or the production of goods. The Corporation made the following payments prior to March 31, 2018, in accordance with the terms of the respective agreements.

Program	Recipient(s)	2018 ($000's)
Residential		
Residential Programs - Installations, Support, and Rebates	Independent Electricity System Operator	32,594
Social Housing	Housing Services Corporation	10,000
Modern Wood Heating	Economic Development Corporation of Wawa, The Corporation of the Municipality of Sioux Lookout, Wikwemikong Development Commission, Nishnawbe Aski Nation Corporate Services	2,973
		45,567
Businesses		
Covered Agriculture	Ontario Soil and Crop Improvement Association	3,000
Food and Beverage Manufacturing	Ontario Centres of Excellence Inc.	2,000
Industries	Ontario Centres of Excellence Inc.	30,365
Support to Small-Medium Enterprises	Ontario Centres of Excellence Inc.	15,000
		50,365
		95,932

4. Board and Committee Expenses

Board and Committee members receive remuneration to attend board and committee meetings and are reimbursed for travel expenses incurred to attend these meetings. These costs were incurred by the Province, on behalf of the Corporation, during the year ended March 31, 2018. These costs are not included in the Corporation's financial statements.

5. Related Party Transactions

The Province provides funding to the Corporation and the Corporation is dependent on the Province to operate and deliver its programs. Prior to the Corporation becoming operationally independent from the Ministry of the Environment, Conservation and Parks (formerly the Ministry of the Environment and Climate Change) in mid-March 2018, all administrative costs and procurement services such as third party services for website management, call centre management, program design, communications and marketing, were incurred by the Province. These costs which totalled approximately $9.8 million, are not included in the Corporation's financial statements.

The Independent Electricity System Operator (IESO) is a related party of the Corporation through the common control of the Province. Payments from the Corporation to IESO for fiscal year 2018 (see note 3) are approximately $32.6 million.

6. Subsequent Events

The Corporation is currently dependent on the receipt of funding from the Provincial and/or Federal Government to operate and deliver its programs. The Corporation's primary funding source is the Province's 'Green House Gas Reduction Account' which receives revenues via the Province's participation in the cap and trade program.

On May 8, 2018 the Province entered into a funding agreement with the Federal Government for $419,970,000 related to programs designed to meet Ontario's commitments under the Canada-Ontario Low Carbon Economic Leadership Fund Funding Agreement. Of this amount, 49% relates to potential funding for the Corporation.

On July 3, 2018, the Province filed Ontario Regulation 388/18 Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits under the *Climate Change Mitigation and Low-carbon Economy Act*, 2016, which ended the cap-and-trade program, through which the Corporation and its initiatives are funded. With the cancellation of the cap-and-trade program, the Corporation's access to the Federal government funding noted above is uncertain.

On July 10, 2018 the Minister of the Environment, Conservation and Parks (formerly the Minister of the Environment and Climate Change) directed the Corporation to carry out an orderly wind down of the Corporation's programs and to prepare an orderly wind down plan for the Corporation. This includes winding down the grant funding program supporting low carbon technology deployment.