ENERGY Comments on MOECC Presentation, "Green Ontario Fund Programs"
Presented April 24, 2017 to ENERGY Staff

Issue: On April 24, 2017, MOECC staff presented to ENERGY staff a status report on their work to establish the Green Ontario Fund, including an overview of proposed programs. MOECC is consulting with Ministries and stakeholders in April 2017 to inform a TB submission on program design, to be discussed May 9, 2017.

The purpose of this note is to provide feedback to MOECC on the program design concepts presented (see Green Ontario Fund Programs deck). As MOECC also expressed interest in stacking measures on existing conservation and energy efficiency programs, the note also proposes language on a path forward to examine Green Ontario Fund and conservation program integration for MOECC to consider for inclusion in their TB submission.

Summary:

- Programs proposed by MOECC for launch in fall 2017 through the Green Ontario Fund are focused on two areas:
  1. Homes – single family and multi-residential; and
  2. Businesses – small medium enterprises and industry (focusing on production of goods).

- MOECC states that the main drivers for these programs are:
  1. Fuel-switching from oil and propane;
  2. Achieving GHG reductions;
  3. Stimulating market activity; and
  4. Reducing electricity bills for low-income households (and expanding options for northern and rural communities).

- In the near-term, programs focus on measures that are not currently offered on a standalone basis under existing energy efficiency programs. Over the long-term, the Green Ontario Fund will offer financing programs and will further leverage private investment.

High-level ENERGY comments to MOECC:

- ENERGY appreciates MOECC's efforts to propose programs that generally complement existing natural gas and electricity conservation programs. Minimizing duplication of incentives will broaden options for customers and increase the potential for GHG reductions. It will also signal policy alignment between Conservation First and the Climate Change Action Plan.

- ENERGY is supportive of leveraging existing program delivery infrastructure. This offers cost efficiencies and can also streamline the customer experience.

  - The Independent Electricity System Operator (IESO) is well-positioned to deliver Green Ontario Fund programs. Approximately 60 highly skilled staff are currently responsible for program design, delivery and evaluation, and these are complemented by delivery partners and contractors across Ontario.

- Policy and legal analysis is needed on the appropriate approach to integrated program design which leverages existing Conservation First and/or Demand Side Management (DSM) Framework infrastructure and resources.

- ENERGY would need to analyze whether legislative or regulatory changes as well as changes to existing or new Ministerial Directives would be required to enable the IESO to seamlessly recover GGRA funding for Green Ontario Fund program delivery, and/or settle with distributors for costs recovered from the GGRA. Consideration would also be given to whether any legislative or regulatory changes would be required to integrate with existing DSM programs, if there was a desire to do so.

- ENERGY would need to consider impacts on natural gas and electricity distributors' ability to meet their 2020 planned savings/targets. Electricity distributors' CDM Targets are established through a contractual relationship between the IESO and electricity distributors.

- Green Ontario Fund should also be coordinated with renewable electricity programs like microFIT and net metering. ENERGY and IESO can share experiences from earlier renewable electricity program implementation, including challenges with grid connection capacity, and siting issues for ground-mounted solar and small wind projects.

- **Proposed language for MOECC TB Submission:**
  - Over spring/summer 2017, MOECC will work with ENERGY, in consultation with the IESO, to determine an approach and implementation requirements for integrating new Green Ontario Fund programs with existing conservation and energy efficiency programs.
  - MOECC will work with ENERGY and IESO, in consultation with natural gas distributors and the Ontario Energy Board (OEB), as appropriate, to explore the coordination/integration approach with natural gas conservation programs delivered under the DSM Framework.

Comments pertaining to each proposed program are captured in Table 1 below.

Table 1: ENERGY Comments on Proposed Green Ontario Fund Programs

Proposed Program	Overlap with Existing Programs	Comments
Single Family Home (SFH) Retrofit - Air Source Heat Pumps (ASHPs) - Ground source heat pumps (GSHPs) - Pellet boilers - Solar water heating - Solar PV (w/wo storage)	Beginning June (TBC) Save on Energy Heating and Cooling Program will provide up to $4,000 incentive for ASHPs for electrically-heated homes Enbridge and Union Gas Green Investment Fund (GIF)-enhanced home retrofit programs provide a $500 incentive for ASHPs for homes heated by oil, propane, and wood	**ASHPs:** Suggest that MOECC remove ASHPs for electrically-heated homes (duplicative), except in the case of low-income households For low-income households, there is an opportunity for Green Ontario Fund incentives for ASHPs could be added to the province-wide Home Assistance Program (pending legal and policy analysis). The Green Ontario Fund could be used to increase incentives for ASHPs under the GIF-enhanced Enbridge and Union Gas home retrofit programs.

Proposed Program	Overlap with Existing Programs	Comments
		Solar PV: Incentive amounts for Solar PV should be developed with the expectation that recipients with grid-connected projects will participate in the Net Metering program and receive electricity bill credits. ENERGY can provide information on the potential value of these credits. Solar PV incentives for grid-connected projects should only be provided once projects have authorization from the local distribution company to connect to the grid (proof to be provided by potential recipients). Recommend requirements for ground-mounted Solar PV recipients (and small wind, if this is included in the program) to demonstrate that projects are not located in residential areas, similar to existing microFIT program restrictions. Recommend restrictions to ensure Solar PV incentives are not provided for projects that have microFIT contracts (microFIT will end by December 31, 2017, but participants still have six months to complete their projects).
Multi-Unit Residential Building (MURB)-Retrofit - ASHPs - GSHPs - Pellet boilers - Solar water heating - Solar PV (w/wo storage)	Save on Energy Retrofit and DSM Custom commercial programs incent electricity-saving and natural-gas saving measures. Incentive levels are low for the listed technologies and uptake is practically non-existent. Union Gas MURB offers financial incentives for boilers, ventilation systems, building envelope, window upgrades and in-suite measures, as well as energy audit funding and education.	If MOECC is considering a social housing stream, MOECC should consider integrating this with Ministry of Housing's GIF-funded Social Housing Retrofit Program. Incentive amounts for Solar PV should be developed with the expectation that recipients with grid-connected projects will participate in the Net Metering program and receive electricity bill credits. ENERGY can provide information on the potential value of these credits. Solar PV incentives for grid-connected

Proposed Program	Overlap with Existing Programs	Comments
	Enbridge Gas low income MURB offers financial incentives for boilers, ventilation, building envelope, operational improvements, etc.	projects should only be provided once projects have authorization from the local distribution company to connect to the grid (proof to be provided by potential recipients). Recommend requirements for ground-mounted Solar PV recipients (and small wind, if this is included in the program) to demonstrate that projects are not located in residential areas, similar to existing microFIT program restrictions. Recommend restrictions on funding for large ground-mounted Solar PV projects located on prime agricultural land, similar to FIT program restrictions. Recommend restrictions to ensure Solar PV incentives are not provided for projects that have microFIT contracts (microFIT will end by December 31, 2017, but participants still have six months to complete their projects).
SFH & MURB New Construction - Heating and renewable technologies aligned with retrofit programs - Homes beyond compliance (e.g., Passive House, LEED Platinum, Net zero energy, EnerGuide 90)	Save on Energy New Home Construction and High Performance New Construction offered by LDCs. Enbridge Gas Residential Savings by Design & Commercial Savings by Design programs Enbridge Gas low income new construction offers tiered financial incentives based on project savings: - 15% ($3,000) - 20% ($10,000) - 25% ($25,000) Additional $2,250 per unit to max of $100,000 Residential, up to $3,000 per home.	Existing Conservation First Framework (CFF) and DSM programs would benefit from coordination with this new program. Existing programs will continue to push new home builds beyond Ontario Building Code (e.g., EnerGuide 85). Please refer to comments on retrofit programs above re: renewables considerations.

Proposed Program	Overlap with Existing Programs	Comments
Small and Medium Sized Enterprises (SMEs) - Improved access to financing - Reducing non-financial barriers - Providing engineering support	Commercial prescriptive and custom programs to reduce electricity and natural gas consumption available under CFF and DSM Framework.	ENERGY would like to be kept engaged on program development for SMEs. MOECC to consider the expansive measures covered under existing conservation and energy efficiency programs when designing this program.
Large Industry - Top up for Industrial Demonstration Stream - New stream for deployment of cutting-edge industrial technologies		ENERGY would like to be kept engaged on program development for large industry. A new innovation fund could complement existing innovation funding like the Conservation Fund, LDC Innovation Fund and Smart Grid Fund.

More Detailed Comments:

- **Slide 5: Key Considerations**
  - ENERGY advises against vouchers. Based on experience of Save on Energy Coupon program administration is costly, and vouchers are subject to error and fraud. Note: the Save on Energy Coupon program is going coupon-less in the fall.
  - MOECC states that over the longer term (2018/19), Green ON will “address existing energy efficiency programming.” Please clarify this statement.

- **Slide 6: Programs – Timelines Overview**
  - Suggest providing more detail on what the “Formal Consultation” in summer will involve and what stakeholders will be engaged.

- **Slide 7: Single-Family Homes – Retrofit**
  - Regarding low-income, clarify whether the dedicated funding for low-income households is in addition to the $500-$600M over four years, and whether the full cost of the measures and installation would be covered for participants (typically the case for low-income conservation programs).
  - Regarding ASHPs, would electrically-heated homes be left to the CFF? These will be covered by the Heating and Cooling Incentive expected in June 2017 (up to $4,000). Also ASHPs for low-income customers could cost between $3,000 and $13,000. It is recommended that the program cover a high proportion or full amount of the cost, based on experience with low-income conservation programs.
  - Regarding First Nations, is a separate program stream (and/or dedicated funding, as with low-income customers) contemplated?
  - If separate program streams and/or dedicated funding are not contemplated, how will uptake in ‘target communities’ be assured/supported, beyond targeted outreach?

        - Concern that non-target communities could absorb a greater proportion of the incentive funding than contemplated (e.g., higher income, urban/sub-urban early adopters, etc.).
    - Will incentive amounts vary based on the fuel type being offset and the resulting GHG emissions reductions expected to result (i.e., greater incentives for customers with oil/propane/gas heat versus electric)?

- **Slide 8: Multi-Unit Residential – Retrofit**
    - The existing program information describes measures for tenant spaces, but fails to mention the commercial measures for the common areas offered through Business Programs such as Retrofit or Process and Systems Upgrade Program.
    - How is Multi-Residential defined, particularly in the case of the First Nations stream?

- **Slide 10: Small and Medium Sized Enterprises (SMEs)**
    - "Existing Programs" descriptions is confusing; the market for energy efficiency offerings for business customers applies equally to SMEs. It is unclear how "retrofits to their primary production/process equipment" is different for manufacturing and industrial SMEs than other business markets.
    - Only GHG-reducing measures that are incremental or different than the expansive set covered under existing conservation and energy efficiency programs would be considered to fill gaps; these should be identified.
    - Why is funding limited to businesses with a minimum of 10 employees?

Corrections:

- **Slide 5: Key Considerations**
    - Natural gas programs delivered by Enbridge and Union are approved by the OEB, while IESO approved electricity programs are delivered by the IESO or local distribution companies. Distributors can contract for services to deliver the programs but they are the responsible parties. "Others" may be in reference to programs outside of the CFF and DSM Framework; for example, the City of Toronto energy efficiency programs.
    - To add to the list: GIF-enhanced retrofits (related to the programs delivered by Enbridge and Union); and GIF-funded social housing programs (SHEEP and SHARP) delivered by MHO which will evolve to GGRA-funded Social Housing Retrofit program.