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PC: Ontario Clean Air
Alliance finds latest
fact sheet on
cost-effective energy
efficiency investment.
5- energy
efficiency

September 15, 2016

Hon Glenn Thibeault
Minister of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario M7A 2E1



Dear Mr. Thibeault,

Re: Reducing electricity demand by 31%

According to a new report by the Independent Electricity System Operator, energy efficiency investments can cost-effectively reduce the province's total electricity consumption by 31% by 2035.

The report also finds that if Ontario pursues all of these cost-effective energy efficiency investment opportunities, we will realize a \$1.4 billion net reduction in our electricity bills *without increasing the provincial deficit*.

I am enclosing, for your information, our new fact sheet: *Reducing electricity demand by 31% and saving billions*.

We would be pleased to meet with you to discuss how we can work together to reduce Ontario's electricity bills.

Yours sincerely,

Angela Bischoff
Outreach Director

Reducing electricity demand by 31% and saving billions

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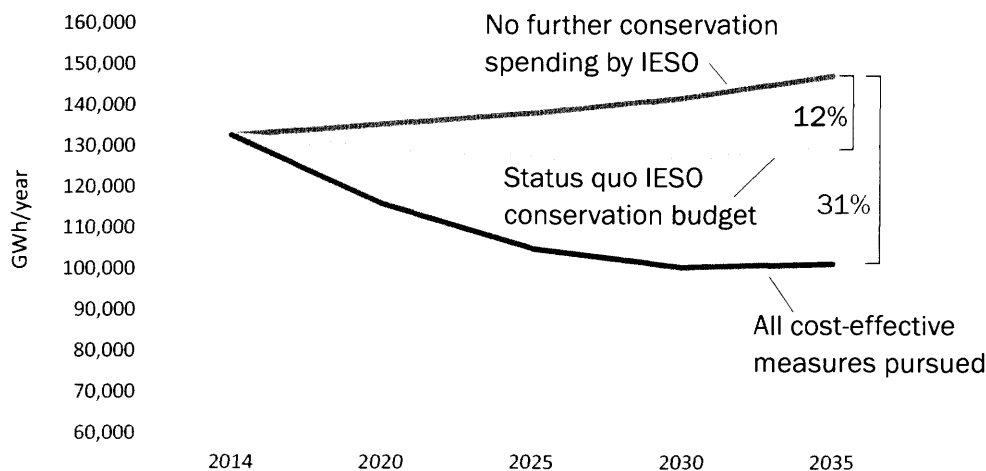
Aug. 9, 2016

According to new report prepared for Ontario's Independent Electricity System Operator (IESO), energy conservation investments can cost-effectively reduce the province's total electricity consumption by 31% by 2035.¹ The report also finds that if Ontario pursues all of these cost-effective energy efficiency investment opportunities, we will realize a \$1.4 billion net reduction in our electricity bills.²

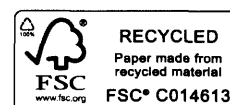
On the other hand, if the IESO's annual energy efficiency savings procurement budget remains at its current planned levels, Ontario's electricity consumption will be reduced by only 12% by 2035 and our net bill reductions will be only \$649 million.³

Figure 1 shows Ontario's forecast electricity consumption under the following three scenarios: 1) the IESO cancels its energy conservation programs; 2) the IESO continues its energy conservation programs until 2035 with its status quo annual conservation budget; and 3) Ontario pursues all of its cost-effective energy efficiency opportunities.

Figure 1: Ontario Electricity Demand⁴



Thanks to the Echo Foundation and the Taylor Irwin Family Fund at the Toronto Foundation for their generous financial support.

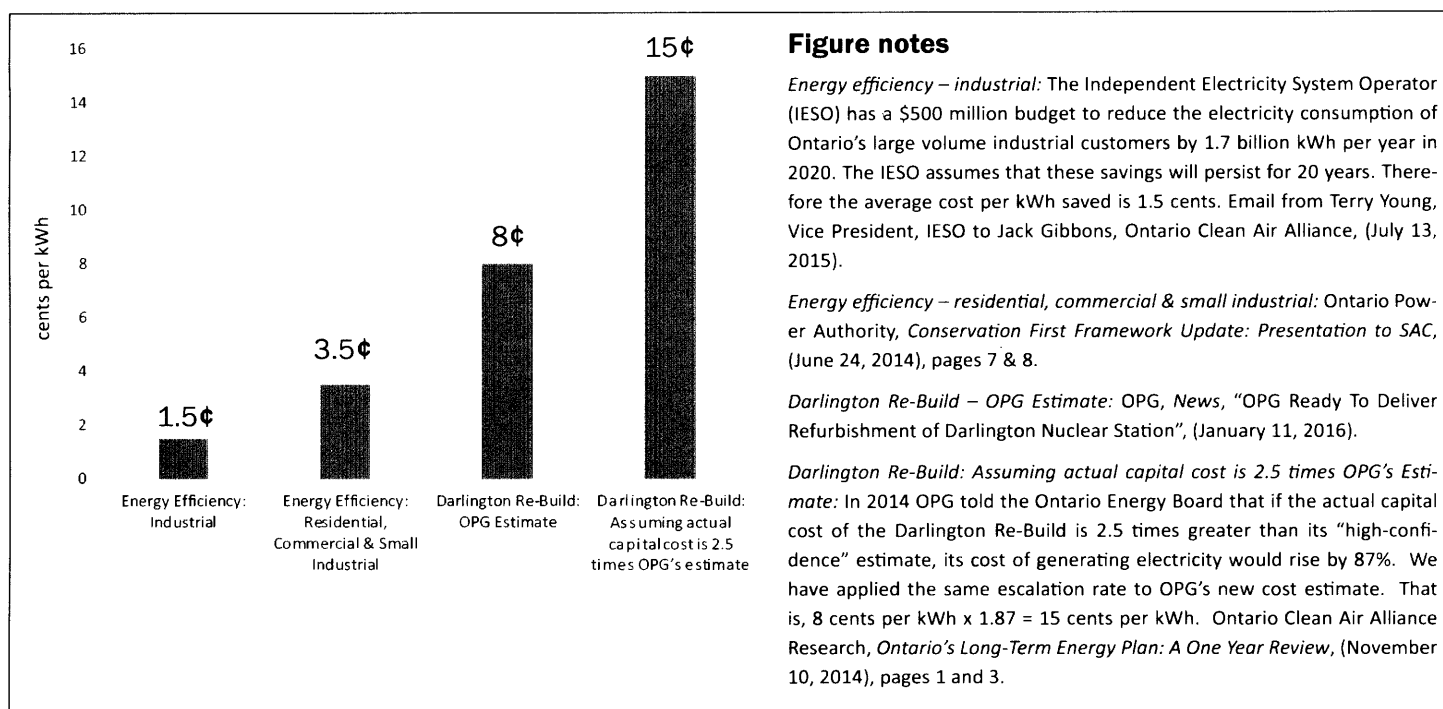


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Figure 2 shows the IESO's costs of procuring energy savings versus the cost of re-building the Darlington Nuclear Station.

Figure 2: IESO's Cost of Procuring Electricity Savings versus Cost of Re-Building the Darlington Nuclear Station



In December 2013, the Government of Ontario adopted the *Conservation First* principle for energy planning, meaning Ontario's goal is to procure all energy conservation and efficiency resources that can keep our lights on at a cost that is less than or equal to the cost of new supply.⁵ As a consequence, the IESO should be willing to pay up to the same amount to save a kWh as it is willing to pay for new supply. As Figure 2 reveals, the cost of electricity from a re-built Darlington Nuclear Station will be 8 to 15 cents per kWh. Therefore the IESO should be willing to pay up to at least 8 cents per kWh for electricity savings.

Recommendations

1. The Minister of Energy should direct the IESO to pay up to at least 8 cents per kWh for electricity savings that can help to defer and/or eliminate the need to re-build our aging nuclear reactors.
2. The Minister of Energy should direct the IESO to establish a competitive procurement process to obtain electricity savings from municipalities, co-ops (e.g., Green Communities Canada), First Nations communities, electric and gas utilities, district energy companies (e.g., Enwave, Markham District Energy), energy-efficient appliance and equipment manufacturers and distributors, and other corporations (e.g., Brookfield Global Energy Solutions, Rodan Energy Solutions).

Notes

- 1 Nexant, *Achievable Potential Study: Long Term Analysis*, (June 30, 2016), pages 3 & 4.
- 2 *Achievable Potential Study*, page 52.
- 3 *Achievable Potential Study*, pages 3, 4, 50 & 52.
- 4 *Achievable Potential Study*, page 4.
- 5 Ontario Ministry of Energy, *Achieving Balance: Ontario's Long-Term Energy Plan*, (December 2013), pages 3 and 20.



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