

MEETING NOTE

NAME OF ORGANIZATION: Electricity Distributors Association (EDA)
DATE/TIME OF MEETING: Tuesday, February 13, 2018 / 10:00 AM
LOCATION OF MEETING: 900 Bay – 4th floor

PURPOSE: Quarterly

ATTENDEES: Justin Rangooni and Teresa Sarkesian

ANTICIPATED AGENDA ITEMS:

1. LTEP Implementation Plans and the EDA's LTEP Submission
 2. OEB Modernization Panel
 3. EDA feedback on IESO's Mid-Term Review of the CFF and IAP
 4. EDA's feedback on the implementation of the Affordability Fund
 5. Large Building Energy and Water Reporting and Benchmarking (EWRB)
 6. EDA Vision Paper & Media Campaign
- Industries production capacity

NOTES ON AGENDA ITEMS:

1. LTEP Implementation Plans and the EDA's LTEP Submission

Suggested Response:

- On October 26, 2017, the Ministry of Energy released the 2017 Long-Term Energy Plan (LTEP), which sets out the direction for Ontario's energy future.
- Implementation plans, submitted by the IESO and OEB, are currently being reviewed by the Minister.
- Thank you for the EDA's LTEP submission on December 16, 2016. The recommendations put forward by all stakeholders and Ontarians were considered as part of the Ministry's development of the 2017 LTEP.

Background:

- The Ministry released the 2017 LTEP, as well as implementation directives to the IESO and the OEB, on October 26, 2017.

- The IESO and OEB submitted individual implementation plans, based on the objectives contained in the implementation directives, to the Minister on January 31, 2018.
 - Once the implementation plans have been approved by the Minister, the IESO and OEB will move forward with procurements and the development of programs
- The Ministry held in-person stakeholder and public open houses in 17 communities across Ontario in October and November 2017. There were also 17 parallel sessions in Indigenous communities.
- EDA representatives attended LTEP consultation sessions in Toronto, Ottawa, St. Catharines, Kitchener, Mississauga and Barrie.
- In its submission to the Ministry, the EDA provided 29 recommendations under 4 categories which the EDA suggest should be key focus areas for the 2017 LTEP:
 - Expanding conservation and integrating climate change:
 - 14 recommendations which center on reaffirming the government's commitment to 'Conservation First', extending and expanding the current conservation framework and removing barriers to enable LDCs to further rollout programs, particularly to residential customers.
 - Pursuing further efficiencies and savings:
 - 9 recommendations which center on moving costs to deliver the Rural or Remote Rate Program (RRRP) to the tax base, reducing the regulatory burden imposed by the OEB and allowing LDCs to perform the exclusive functions of the Meter Data and Management Repository (MDM/R) at a lower cost.
 - Supporting partnerships:
 - 4 recommendations which center on extending incentives and removing barriers to encouraging consolidation, mergers and partnerships, including private investment, among LDCs.
 - Driving innovation:
 - 2 recommendations which center on ensuring that LDCs are integrally involved in electrification initiatives and the integration of distributed generation across the province.

2. OEB Modernization Panel

- The EDA met with Panel Chair Richard Dicerni on January 18th. The EDA will wish to continue to engage with the Panel

Suggested Response:

- **Thank you for meeting with Richard early in the process. I know the EDA's input is helping him refine the direction of the Panel.**
- **As you are aware, the Panel is targeting an early March public launch, complete with details on how to engage formally. The EDA will be given the opportunity to present to the full Panel.**

Background:

- EDA CEO Teresa Sarkesian, Chair Vinay Sharma, and Vice Chair Brian Wilkie presented on behalf of the EDA.
- The EDA presented early thoughts on challenges facing Ontario's electricity sector and potential areas of focus for the Panel. Topics included:
 - Need to align OEB mandate with available resources and appropriate regulatory framework
 - Opportunities for LDCs within disruptive technologies and business models.
 - Improvements to rate-setting processes to address inconsistencies in rules and sector uncertainty.
 - Roles of OEB staff and intervenors within hearings
 - OEB bench-marking, including application timelines and evidentiary criteria.
- These areas align with the seven areas Chair Dicerni has identified for Panel review, subject to full Panel approval:
 - OEB Mandate
 - Governance
 - Regulatory independence
 - Stakeholder Engagement
 - Innovation
 - Regulatory excellence and bench-marking
 - Resources
- The project plan, subject to full Panel approval, calls for an early March call for written submissions (to be due by the end of April). During the same period the Panel will meet with stakeholders across the Province to gather input.

3. IESO's Mid-Term Review

The EDA is a member of the IESO's Conservation First Framework (CFF) and Industrial Accelerator Program (IAP) Mid-Term Review (MTR) Advisory Group, and may provide views on the MTR.

Suggested Response:

- **The IESO is nearing completion of the formal CFF and Industrial Accelerator Program (IAP) MTR. We are pleased to know that the EDA is a part of the MTR Advisory Group, and we look forward to the review outcomes.**
- **What impressions and concerns can the EDA provide regarding the MTR process and findings to date?**
- **As identified in the 2017 LTEP, ENERGY staff are working with MOECC, IESO and the Green Ontario Fund to explore how to further integrate conservation and low-carbon technology programs for both electricity and fuels.**

Background:

- The 2015 to 2020 CFF has given the flexibility to distributors to design and deliver local and regional Conservation and Demand Management (CDM) programs that meet their customer needs.
- Recognizing the opportunity to improve the availability of programs for customers, on December 16, 2016 the Minister of Energy issued direction to the IESO to require province-wide CDM programs to be delivered in each distributor service area.
- The IESO is a partner in the delivery of certain Green Ontario Fund programs to help promote an efficient and customer-focused approach and minimize duplication with existing programs.

Mid-Term Review

- The IESO was directed to work with distributors to complete a formal Mid-Term Review of the 2015-2020 CFF by June 1, 2018.
- In November 2016, the IESO commenced the MTR, which is focusing on:
 - conservation targets/budgets
 - lessons learned on LDC funding models
 - customer needs
 - conservation integration with regional planning
 - CFF alignment with Climate Change Action Plan (CCAP) initiatives
 - post-2020 approaches to energy efficiency

- The review includes a comprehensive engagement strategy to ensure LDCs, customers, channel partners, consumer groups, associations, other interested parties have meaningful opportunities to provide feedback on framework success and challenges.
- On January 30, 2018, the IESO held a public webinar on draft opportunities identified through the CFF and IAP MTR. Public written comments are due February 13.
- The IESO plans to conclude the MTR on March 31, 2018, by submitting its final MTR recommendations report to the Minister of Energy.
- As one input to the MTR, a conservation achievable potential study must be completed every three years. An achievable potential study is a quantitative analysis of how much energy can be saved through the implementation of energy efficiency measures within a given geographical area. The IESO's Achievable Potential study analyzes how much electricity can be saved in Ontario to inform energy efficiency planning and programs.
- The IESO's achievable potential study for electricity conservation was released on June 30, 2016 and consists of two parallel studies: an energy-efficiency study and a behind-the-meter generation study.
 - A potential of 7.4 TWh of savings by 2020 was identified as achievable within the existing budget of the CFF, compared to the electricity savings target of 7 TWh.
 - The energy efficiency study found an achievable potential of approximately 6.4 TWh of persistent distribution-level savings by 2020 under current CFF budget levels.
 - The BMG study results estimated potential of 1 TWh without a cap and trade program in place. As a supplement to the study, an analysis on the impact of cap and trade on Behind the Meter Generation (BMG) potential was found to reduce overall BMG potential by approximately 20 percent below the 1 TWh.

Integration of existing conservation programs and new GreenON programs

- On February 13, 2017, the Minister of Energy wrote a letter to IESO requesting that the IESO support the implementation and early adoption of Green Ontario Fund services.
- On August 4, 2017, the Minister of Energy issued an amending direction to the March 31, 2014 Minister's direction establishing the CFF to enable IESO to enter into an agreement with MOECC or the Green Ontario Fund to support the design and delivery of GreenON programs with a focus on reducing greenhouse gas

emissions associated with energy usage and energy sources from Ontario residents and businesses.

- The Green Ontario Fund (GreenON.ca) website and GreenON Installations Program were launched on August 30, 2017.
- Several residential GreenON programs have been launched, supported by the IESO:
 - GreenON Installations (free smart thermostat installation and home energy review) – currently closed and may reopen later in 2018)
 - GreenON Home Energy Expert
 - CFF-GreenON Province-Wide Smart Thermostat \$100 Rebate
 - GreenON (low-carbon technology) Rebates
- GreenON has also launched GreenON Industries for large emitters (this program delivered by the Ontario Centres of Excellence).
- Other proposed offerings include: low-carbon technology incentives for multi-unit residential buildings, as well as for small and medium sized commercial businesses; a direct install program for small and medium sized businesses; and programs targeting on-reserve Indigenous customers and low-income customers.

4. The Affordability Fund

The Affordability Fund Trust is in the process of entering into implementation agreements with interested electricity distributors.

Suggested Response:

- **As you are aware, Ontario launched a new Affordability Fund as part of the Fair Hydro Plan. The Fund is intended to provide energy efficiency measures to electricity customers who do not qualify for the Save on Energy Home Assistance Program, and who are unable to undertake energy efficiency improvements without support.**
- **We would like to thank the EDA for the active role you have taken in the Affordability Fund's engagements on program design and implementation agreements.**
- **What have been your impressions of the work to date on the Affordability Fund and, going forward, what program elements do you think will be important to ensure successful program delivery?**

Background:

- From 2015 to early 2017, electricity distributors and other stakeholders indicated to the government that there was an immediate need to help customers in bill arrears and facing service disconnection.
 - Electricity distributors reported to the OEB that ~56,500 customers were disconnected in 2015 and over 58,000 customers were disconnected in 2016.
 - Electricity distributors also reported about 400,000 residential electricity accounts in arrears in 2016.
- The Affordability Fund, which was launched on October 24, 2017, is being funded through the tax base and is being administered by an independent Trust.
 - A centralized delivery model through a Trust has been established to ensure independent oversight of funds and to facilitate efficient distribution of funds to electricity distributors.
 - As of January 12, 2018, 2,522 applications have been received to date, of which 1,794 have been delivered to 47 active LDCs.
- There are three levels of support available through the Affordability Fund. The level each home qualifies for depends on net household income and average electricity bill. Measures offered may vary by participating electricity distributors.
 - Level 1: households receive a Home Energy Kit with energy-saving products they can install themselves (e.g. LEDs, power bars, hot water pipe insulation).
 - Level 2: Households may receive an in-home visit from a professional Home Energy Advisor, a Home Energy Plan and upgrades that may include ENERGY STAR appliances (e.g. efficient air conditioners, refrigerators, and dehumidifiers).
 - Level 3: For electrically-heated homes only, households that qualify for this level may receive an in-home visit from a professional Home Energy Advisor, a Home Energy Plan and upgrades that may include insulation and/or an ENERGYSTAR heat pump.
- The Trust is in the process of entering into implementation agreements with interested electricity distributors. Eligible customers are expected to start receiving benefits through the Affordability Fund in early 2018.

5. Large Building Energy and Water Reporting and Benchmarking (EWRB)

On February 6, 2017, Ontario introduced mandatory energy and water reporting and benchmarking (EWRB) for large buildings under O.Reg 20/17, Reporting of Energy Consumption and Water Use. The regulation requires utilities, when requested, to

provide building owners with their building's consumption data. Approximately 1,000 buildings will be required to report by the first reporting deadline of July 1, 2018.

Suggested Response:

- **As you are aware, to prepare for the first EWRB reporting deadline of July 1, 2018, the Ministry of Energy has held a series of meetings with a working group of EDA and utility staff in order to seek input and advice on EWRB implementation.**
- **In discussing EWRB with utilities, we encourage the EDA to take a leadership position to ensure that utilities are ready to provide data to building owners, as required under the regulation.**
- **We also encourage EDA to discuss the longer-term benefits of EWRB reporting to help utilities meet their conservation commitments.**
- **Information obtained by building owners through EWRB reporting can motivate them to improve the efficiency of their buildings by participating in utility conservation programs. Savings achieved through participation in these conservation programs would contribute to the provincial conservation and GHG reduction targets.**
- **We would like to thank the EDA for its support in raising awareness and supporting the planning of an EWRB webinar for utilities on February 22, 2018. Are you aware of any additional steps we can take to ensure LDCs are ready for the first reporting deadline?**

Background:

- The EWRB pilot, held during November 2017, highlighted two key challenges related to building owners obtaining aggregated consumption data from their utilities:
 1. Some utilities asked building owners to compensate them for the time needed to prorate and aggregate consumption data for properties with multiple meters; and
 2. Some utilities would not release aggregated consumption data to building owners that did not have written authorization from a tenant to release their consumption data.
- ENERGY has asked EDA to co-host a webinar for LDCs on February 22, 2018 to discuss the key role of LDCs in making building consumption data available to building owners, and the potential benefits to utilities of EWRB reporting and benchmarking.

- ENERGY staff would like the EDA to reinforce with its members the importance and benefits of LDCs supporting building owners in obtaining aggregated consumption data for EWRB compliance.
- LDCs can provide their support through:
 - Internal communications on the requirements to provide data to building owners and the role for EWRB in achieving energy savings that can count toward utility conservation and energy efficiency programs;
 - Seeking ways to minimize the cost and complexity for building owners to report utility data related to their buildings; and
 - Supporting the delivery of building level data, at no additional cost to building owners, that results in effective benchmarking to help LDCs identify and achieve energy savings.
- ENERGY will continue to seek the EDA's support in encouraging LDCs to:
 - Promote participation in utility conservation and energy efficiency programs; and
 - Provide consumption data to building owners at no cost.

6. EDA Vision Paper & Media Campaign

- The EDA is preparing to launch a second Vision Paper, following up on 2017's "Power to Connect." This will coincide with the launch of pre-election media campaign intended to call attention to the role LDCs play in providing consumers with electricity.

Suggested Response:

- **I understand you are providing my staff with early access to your Vision Paper and outreach strategy. I appreciate the insight into how the EDA intends to contribute to the public discussion.**
- **The Ministry is sensitive to its appropriate role in the upcoming period. While I appreciate your efforts to keep us informed, we will be limited in the feedback we can provide you.**

Background:

- The EDA released "Power to Connect" in February 2017, which outlined opportunities for LDCs to participate in emerging technologies and business models.

- Contents of the paper aligned with the EDA's submission to LTEP.
- The follow-up paper, scheduled for release this month, identifies challenges LDCs face in attempting to achieve these opportunities and potential solutions to address them:

Challenges	Solutions
1. Inconsistent Rules and Provisions	1. Levelling the playing field for distributed energy resources. 2. Clearly defining distributed energy resources and clarifying obligations.
2. Uncertainty with Distribution Planning and Rate-Basing	3. Improving Distribution System Plans through investments in grid visibility. 4. Remove restrictions on LDC ownership of distributed energy resources. 5. Enable rate-basing of distributed energy resources and other assets that are consistent with distribution system plans.
3. Uncoordinated Centralized Procurements	6. Coordinating and decentralizing procurement of distributed energy resources. 7. Empowering LDCs to control and operate relevant assets.
4. Perception of LDC Capabilities	8. Incentivizing shared services of LDCs with respect to control and operations.
5. Inefficient Pricing and Rate Design	9. Developing a locational market price for distributed energy through the Market Renewal program.

- The EDA has indicated this message will be part of a broader pre-election media campaign that will also build awareness of LDCs role in the sector. The campaign will make use of traditional and social media.