

Conservation Framework: Mid-term Review Advisory Group - Meeting Notes

Date: March 23, 2017	Time: 9:00am-3:30pm
Location:	St. Andrew's Club & Convention Centre, 150 King Street West, 16th Fl., Toronto - Room F1
Meeting Chair(s) and Facilitator:	Katherine Sparkes (IESO)
Scribe:	Arabind Nanda (Navigant Consulting)

Meeting Objective(s):

- Review key takeaways and action items from prior Advisory Group meeting
- Input on Mid-term Review Market Research Plan
- Input on draft Topic 1 Report: Customer & Market Satisfaction and Engagement

Attendees:

Members: Chris Barker (CustomerFirst Inc.), Raegan Bond (Alectra Utilities), Guru Kalyanraman (CLEAResult Canada Inc.), Michael Marchant (Toronto Hydro-Electric System Limited), Myfanwy Parry (Housing Services Corporation), Margaret Rodd (Entegrus Powerlines Inc.), Edward Rubinstein (University Health Network), Mark Schembri (Loblaws), George Katsuras (Hydro One), Amha Abraha (CBRE Limited), Walter Nuvoloni (Lafarge, attended for first hour)

Observers: Bart Burman (Burman Energy Consultants), Giovanna Gesuale (ENWIN Utilities Limited), Edward Glasbergen (Energy+ Inc.), Roy Hrab (Ontario Energy Association), Erika Lontoc (Enbridge Gas Distribution Inc.), Tracy Lynch (Union Gas Limited), Frances Murray (Just Energy Ontario LP), Jesse Kulendran (Electricity Distributors Association), Emma Schwab-Pflug (Ministry of Energy), Katie Zwick (Ministry of Environment and Climate Change), Ben Weir (CanSIA), Valarie Bennett (Ontario Energy Board), Afreen Khan (Environmental Commissioner of Ontario)

IESO: Katherine Sparkes – Chair, Carrie Aloussis, Erinn Meloche, Evelyn Lundhild, Bob Collins, Jason Grbavac

Navigant: Jodi Amy, Arabind Nanda, Emay Cowx (C2C Strategies)

Regrets:

Members: Iuliana Calin (Nest Labs)

Observers: Colin Anderson (AMPCO), Sarah Colvin (Ecobee), Michael Lio (buildABILITY), Joe Barile (Essex Powerlines Corporation), Jeff Kish (liteSMART), Ersilia Serafini (Summerhill), Jack Gibbons (Ontario Clean Air Alliance), Tim Wilson (Thunder Bay Hydro), Dan Roberts (Roberts)

and Company), Janet Taylor (Oshawa PUC Networks), Joanne Van Panhuis (Brantford Power Inc.), Brandon Weiss (Cornerstone Hydro Electric Concepts Association Inc.), Steve Zebrowski (Veridian Connections Inc.)

IESO: Alexandra Campbell, Susan Harrison

Navigant: Benjamin Grunfeld

Action Items Identified	Response
IESO and Navigant to provide track-changes version of Industrial Accelerator Program and Conservation First Framework scorecards for ease of review.	Navigant/IESO to update documents and circulate
Advisory Group members to provide written feedback on Industrial Accelerator Program and Conservation First Framework scorecards	Navigant/IESO to review the scorecard comments
IESO and Navigant to update Industrial Accelerator Program and Conservation First Framework scorecards based on Advisory Group feedback	Comments will be addressed in the topic scorecards present in each monthly topic report
IESO and Navigant to update Topic report 1 based on Advisory Group feedback	Navigant/IESO to update documents and circulate
IESO and Navigant to clarify how customer eligibility was treated in the Achievable Potential Study	Navigant/IESO to discuss with Advisory Group at next meeting
IESO and Navigant to update market research plan based on Advisory Group feedback	Navigant/IESO to update documents and circulate
IESO and Navigant to circulate proposed segmentation for market research interviews	Navigant/IESO to circulate and discuss with Advisory Group at next meeting
IESO to ask Ministry of Energy to confirm whether environmental attributes that are retained are tracked and reported on.	IESO to circulate response

Key Themes Identified
• Need to change the wording, scoring and structure of the scorecard to better reflect the objectives of the review • Need a jurisdictional review where appropriate to provide comparables for a better sense of how the Conservation First Framework is performing • The review should consider the impact of government policy/announcements e.g., 25% reduction for electricity bills, greenhouse gas and climate change initiatives • Market research should include consulting engineers and agencies that represent different customer segments

Agenda Item 1: Welcome and introduction

Speaker: Katherine Sparkes (IESO), Jodi Amy (Navigant)

Katherine kicked off the Advisory Group meeting with a review of the agenda and objectives. Roundtable introductions were made of Advisory Group members and observers that were attending for the first time.

Katherine provided a summary of the action items from the previous Advisory Group meeting. Policy objectives from 2013 Long Term Energy Plan and Conservation Directions were mapped to Mid-term Review objectives and added to the study plan. Items that were out of scope of the Mid-term Review were outlined. IESO clarified that this review will make recommendations to the government regarding the Conservation First Framework and Industrial Accelerator Program as well as options for consideration for activities beyond 2020. A “Definition of Conservation and Demand Management (CDM)” standalone topic report was added and the Mid-term Review Study Plan was updated.

Questions/comments:

Member of the Advisory Group requested that the “load shifting” approach be explored in the Definition of CDM topic report. IESO and Navigant agreed. Member of Advisory Group requested that Demand Response be explored in the “Definition of CDM” topic report. IESO confirmed that Demand Response will be explored. Member of the Advisory Group asked if LDC performance will be explored as part of this review. IESO indicated that LDC performance will be looked at insofar as the effectiveness of the delivery of the framework will be examined. Member of the Advisory Group asked if incentive setting methodology was part of the scorecard. IESO response – yes, to the extent that it supports achievement of broader policy (i.e. cost-effectiveness), but not with regards to the setting of incentives for individual programs.

Member of the Advisory Group commented that the IESO should explore aligning with the province’s greenhouse gas initiative and broadly with the province’s climate change initiatives, including fuel switching in the “Non-energy benefits” topic report. IESO is speaking with MOECC and OEB around calculating costs and benefits and sharing inputs and assumptions. IESO also emphasized alignment with the Long Term Energy Plan when it is released.

Member of the Advisory Group commented that the impact of the government’s initiatives on “fair hydro” – electricity bills might face a 25% reduction (versus avoided costs used to develop the Achievable Potential Study); this should be explored in the “Budgets, targets and cost effectiveness” topic report.

Member of Advisory Group questioned the policy objective of incentivising participants for meeting market transformation goals. Discussion around whether the goal is to stimulate more energy efficiency or simply resource acquisition.

Member of the Advisory Group suggested that environmental attributes should be tracked by the government and publicized as an example of successes. Member of the Advisory Group asked whether the government tracked climate benefits or whether environmental attributes were retired. IESO responded that this would require an official Ministry of Energy response (Ministry representative was not present at this point in the meeting).

Jodi presented the updated scorecard metrics for the Conservation First Framework and Industrial Accelerator Program which had been updated with feedback from last Advisory Group meeting. Jodi clarified that the scorecard would evolve with each topic report depending on feedback from the Advisory Group and availability of data. Metrics will be defined and supporting information provided when available, success criteria will be included, and metrics will be segmented where possible (by region, program, customer type, etc.).

The Advisory Group will have two weeks to give further comments on scorecard metrics and can provide comments on specific scorecard criteria as each individual topic report is being presented during monthly meetings or in writing in advance of monthly meetings to be incorporated into discussion during meetings.

Questions/comments:

Discussion on the definition of a “quality measure” on the scorecard. IESO clarified that it is a measure of value (progress towards target, good vs bad) rather than an absolute measurement. Advisory Group member suggested a change in wording from “quality measure” to something that was more representative of the true meaning (e.g. value metric).

Request by Advisory Group to have version control of the scorecard so that it is easy to see changes that were made from one version to the next. Navigant and IESO in agreement.

Question by Advisory Group on whether peak demand metrics will be considered such as critical peak, on-peak, off-peak, etc. Navigant responded that contribution to peak will be considered in the “Planning Integration” report. However, the metric will be subject to data availability. IESO to determine what data is available.

Discussion on success measures for the “Collaboration” topic. Discussion of possible measures such as level of customer engagement and cost efficiencies (cost/kWh). IESO clarified that the “Collaboration” topic report will include a review of the collaboration fund now – how the IESO makes decisions, the reasons for collaboration and the effectiveness of collaboration in improving customer convenience and achieving cost efficiencies. Comment by Advisory Group to include “number of programs rejected” by, for example, local programs, and CDM Plans as a metric in future scorecards where applicable. It was clarified that the IESO makes the decision on whether to approve or reject an application.

Comment by Advisory Group that trajectory of savings from current framework versus savings from last framework should be used as a measure of success. IESO responded that this measure can be included however it should be noted that in the last framework LDCs had both a demand target and an energy reduction target so results between the frameworks are not directly comparable because LDCs would have put effort into achieving different objectives under each framework. Advisory Group suggested that both Conservation First Framework and Industrial Accelerator Program scorecards should contain initiative by initiative cost-effectiveness.

Agenda Item 2: Review of Mid-Term Review Market Research Plan

Speaker: Jodi Amy (Navigant)

Jodi clarified that previously these activities were referred to as “Stakeholder Engagement,” however, it has been renamed to avoid confusion with the IESO stakeholder engagement process. Insights from the market research will be used to identify opportunities and confirm the current state of each topic. Feedback requested on the following:

- Were any stakeholders missed?
- How should each stakeholder group be engaged?

Questions/comments:

Comment that residential customers were not being interviewed. Response was that the IESO has already conducted and continues to conduct mass market surveys with this customer segment.

Question from Advisory Group about implications of this report looking beyond 2020. IESO response that there will be recommendations to the government for CDM past 2020 as customers will be looking for certainty of funding supporting beyond the existing framework for large scale projects that would otherwise commence in the later years of the existing framework.

Discussion on the contents of the “Definition of CDM” topic report. IESO clarified that this report will include a jurisdictional scan as well as the history of CDM in Ontario. In this topic report demand side management solutions will be explored with equal weighting being given to each solution. Member of the Advisory Group cautioned against comparing Ontario to British Columbia and Quebec, suggested to compare to other utilities in the North East that have a similar supply mix (e.g. PJM). Advisory Group member suggested that there should be a representation of gas savings on the scorecard. IESO clarified that Gas utilities will be engaged as part of Phase 2 of the market research process.

IESO clarified that Phase 1 of the market research would consist of one on one interviews and focus groups and Phase 2 of the market research will include workshops. Advisory Group member cautioned against asking leading or biased questions during Phase 1, and suggested keeping the questions open ended.

Comment by Advisory Group to add the Retail Council of Canada and other agencies/associations that represent the different sectors to the stakeholder group in Phase 1.

Questions and comments regarding additional details around the composition of interviewees, for example, sectors to target, customer size, etc. IESO and Navigant to develop the proposed segmentation and circulate prior to the next Advisory Group meeting.

Comment by Advisory Group to change the terminology from “Channel Actors” to “Channel Participants”.

Comment by Advisory Group to leverage LDCs to provide customer contact lists and data on non-participant perspectives.

Discussion around including municipalities/institutions and consultants in the focus groups especially for

large customer groups. The definition of “large customers” is still to be defined, some possibilities include a 100 kW cut off, GS < 50 kW. Member of Advisory Group suggested that “regionality” also be considered in the segmentation.

Comment by Advisory Group to capture the perspectives of consulting engineers (design firms) specifically in the “Climate Change” topic report.

Comment by observer to engage LDCs with electric vehicle infrastructure in “Definition of CDM” topic report.

Agenda Item 3: Topic Report 1 - Customer & Market Satisfaction and Engagement

Speaker: Jodi Amy (Navigant)

Jodi presented the Customer & Market Satisfaction and Engagement report and went through each of the report elements – scorecard, analysis, observations, insights and next steps. Feedback was requested from the Advisory Group on each element of the Topic report including overall structure and content. It was clarified that this was this version of the report could be modified to include feedback from the Advisory Group and impacted by insights from future Topic reports. The scorecard from Topic report 1 will be revisited in the next Advisory Group meeting, other feedback will be considered within in updated report and will be circulated to the Advisory Group.

Questions/comments:

Advisory Group requested a draft of the Topic Report a week before the Advisory Group meeting to prepare feedback that can be circulated in advance and directly addressed during Advisory Group meetings.

Advisory Group member questioned the purpose of the scorecard. IESO clarified that the purpose was to provide a measure of the framework effectiveness with regards to achieving the policies set out by the government for the Conservation First Framework and Industrial Accelerator Program. Advisory Group members questioned the use of colour coding in the scorecard and how success is measured. Ultimately the IESO is striving for year over year improvements. However, in some cases year over year improvement might be difficult where a high degree of success has already been achieved e.g., 94% customer satisfaction score. In this case the IESO will strive to maintain this level of customer satisfaction.

Discussion around changing the definition of the scoring colours to something like “on track”, “opportunity for improvement”, “in progress”. Request made to add a column in scorecard that would show year over trend.

Discussion around goals and forward looking expectations for individual programs. IESO responded that the original Conservation First Framework Direction made LDCs accountable for program design so any related goals would have been established by individual LDC working groups and that there are not clear measurable goals. Advisory Group raised concerns that the lack of pre-established goals can undermine the scorecard and review process. IESO clarified that while there may not be explicit stated goals for individual sectors and programs, there are implicit goals (e.g. continuous improvement in customer satisfaction) and the Mid-term Review will provide an opportunity to make these implicit goals explicit. IESO and Navigant

to revisit the scorecard and scoring criteria considering Advisory Group suggestions. Where possible and within scope, Navigant and IESO will use year over year trends and/or comparison to other jurisdictions to inform the scoring. Navigant will also change terminology from “score” to “indicator” or “status.” Advisory Group requested comparison of metrics to benchmarks from other jurisdictions (e.g., JD Power surveys) in future topic reports. IESO responded to include based on scope and availability of data.

Advisory Group requested to show Multi-Unit Residential Buildings as a separate customer segment since this segment has distinct experiences which need to be captured. IESO and Navigant agreed to consider how other segments, including Multi-Unit Residential Buildings, can be captured subject to data availability.

Advisory Group requested that the topic 1 report include further survey detail (number of respondents, sample size) on slides. IESO and Navigant to include this information, where applicable.

Advisory Group questioned whether ineligibility was considered when using the APS for calculating program penetration. IESO agreed to look into this further. Advisory Group requested that progress to CDM plan be included with the Achievable Potential Study Milestone metrics. Further request for details around program penetration calculation methodology (49% business score is low). Member of Advisory Group commented that it appears that the province is more than 49% on track to APS target given that according to CDM plan projections the province is on track to the 2020 targets.

Discussion on market research for Industrial Accelerator Program. Member of Advisory Group commented that the direct relationship would impact brand awareness differently versus Save on Energy brand awareness in the general population. This nuance of brand awareness for Industrial Accelerator Program should be clearly identified in any form of scoring. IESO agreed and commented that they were still working through how these brand awareness metrics were going to be measured. One thought was that decision maker (C-suite) awareness carries more weight than those of other managers and so an understanding of C-suite awareness of the program would be helpful to seek as part of the Mid-term Review.

Advisory Group requested that this report should identify the customer segments that were underserved by the Framework. Advisory Group member commented that the framework could be potentially influencing the LDCs from underserving the low-income customer segments since it was “cheaper” to attain savings in other customer segments.

Discussion around final outcomes of the review. Navigant and IESO plan to identify near-term and long-term opportunities. Criteria that could be used to prioritize these opportunities will be defined at a later time.

Other overarching questions/comments related to Topic 1:

- *Advisory Group suggested a focus on framework elements rather than program elements that are creating barriers.*
- *Advisory Group member suggested including a “best practices” comparison from other jurisdictions or a comparison to benchmarks (JD Power) as part of each topic report.*
- *Advisory Group suggested use of more data from EM&V reports.*
- *Advisory Group asked for more focus and discussion on sector proportional coverage – if residential sector is 20% of plan, does this mean that the sector is well served or not?*

- *Advisory Group reiterated the importance of identifying the markets that were underserved as a result of the current framework.*
- *Advisory Group conveyed the importance of assessing the impact of 25% bill reduction announced by the Ontario government on the conservation initiatives.*
- *Advisory Group member commented that their utility was on track with Achievable Potential Study milestones and wanted to know whether or not all conservation plans were on track with regards to Achievable Potential Study.*
- *Advisory Group commented on the lack of information on the Industrial Accelerator Program and commented that the last published process evaluation for this program was in 2011.*

Agenda Item 4: Closing Remarks

Speaker: Katherine Sparkes (IESO)

Katherine highlighted next steps and communicated an upcoming public consultation on Topic 1 scheduled April 18, 2017.