

Message

From: Mary Bernard [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7E3E3E8D7F9345C2B0AAB3E0FD7A79F2-MARY BERNAR]
Sent: 2017-07-19 12:48:19 PM
To: John Cannella [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=cd667c6d53774dd0a749783bb02ae89d-John Cannel]; Andrew Dow [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=6268b334c119488b888395bba8b155d9-Andrew Dow]; Jordan Penic [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7d23bcd450594583bb40b447b35485da-Jordan Peni]
Subject: FW: Draft chapter of ECO energy report for IESO review

John – thanks for doing this.

Jordan/Andrew – I'm not sure if what John has indicated below that is in the report on peaksaver is the most up-to-date information. Have we not communicated the end of the program? If so, there may be an opportunity to provide an update.

Please advise if we have messaging on the flags that John has raised below and if not, if you would like John to work with Andrew to develop.

Thanks.

Mary

From: John Cannella
Sent: July 19, 2017 10:48 AM
To: Mary Bernard
Subject: Draft chapter of ECO energy report for IESO review

Mary—as requested.

I've reviewed the sections in the upcoming ECO report that pertain to electricity and the IESO and overall the findings and conclusions in the report are quite favourable about the IESO's CDM efforts. Some key favourable findings include:

- On the value of conservation, the report found that conservation is still adding significant value at a much cheaper price for Ontario and will become more critical to the system as the province's nuclear refurbishments and Pickering shutdown get underway.
- In 2015, considered a transition year, the province's LDCs achieved 1117 GWh of net energy savings, which represents 16% of the 6-year target. As such, LDCs collectively are on track to meet their 2020 target.
- In 2015, the ECO estimates that the electric and gas conservation programs offered since 2006 (by the OPA, IESO and electric and gas utilities) have resulted in overall energy use in 2015 being 3% lower than it would have been in the absence of conservation programs.
- Although electricity rates have been increasing steadily in Ontario, there are still many jurisdictions in North America with higher electricity rates, for example: Massachusetts, New York and California. And, even though Ontario may have the highest electricity rates in Canada, its overall home energy costs are in the middle of the pack, due to the dominant use of inexpensive natural gas for home heating, in contrast to some other provinces.

The report did offer some criticism and some recommendations, to which we may want to pay closer attention. Here are some potential issues I thought were worth flagging.

Combined Heat and Power as a measure of conservation:

- Many utilities are counting on combined heat and power projects to help meet their 2020 conservation targets, but there is uncertainty about whether combined heat and power increases or reduces greenhouse gas emissions, and whether it should continue to be supported by conservation funding.
- The Ministry of Energy's and the IESO's lack of any concrete direction in this matter has left customers and LDCs in limbo.
- More work is needed by the Ministry of Energy and the IESO to assess the impact of CHP on the province's overall emissions

We may get asked what work we are currently doing to address this.

The Industrial Accelerator Program:

- IAP has seen dismal results to date (only 2% of target) and has had several changes made to it to increase participation through to 2020.
- The IAP doubled the number of projects in 2015 to 16 projects compared to the 2014 participation. The increase in the number of projects also led to an increase in energy savings in 2015 to 49 GWh and peak demand savings of 5.7 MW. However, that number remains dismally short of the government's target of 300 MW (only 2%).
- In the last 18 months, two major announcements have been made in an effort to increase participation in the IAP. The program has now been extended to December 31, 2020, to give customers the opportunity to participate in longer-term projects, matching the CFF timeframe.
- Also, on December 16, 2016, the Minister issued a Directive that allowed transmission-connected customers with LDC-connected sites to participate in the IAP through the IESO. Any electricity savings accrued at the LDC level will be counted towards the LDC's CFF targets. The IESO will also undertake a pay-for-performance pilot for customers who are eligible for the IAP similar to the centrally-delivered multi-distributor CDM program.

We may get asked why numbers were so poor and the status of the efforts to increase participation.

Peaksaver Plus:

- The future of peaksaver PLUS, which saw over 300,000 participants in the last framework, is still uncertain as the IESO has not moved forward with incorporating the program into its DR framework.
- The peaksaver PLUS Program had seen moderate success throughout the 2011-2014 CDM Framework, with over 300,000 installed devices by the end of the framework.
- With the LDCs no longer responsible for DR targets and the IESO still undecided on the future of this initiative, the 300,000 devices are currently sitting idle in customers' homes and turning into stranded assets for the LDCs.
- In the ECO's view, the IESO should begin consultations shortly to include Residential DR into the CBDR market so that the work that has been done by the province, specifically the LDCs, to enroll Ontarians into this program does not go to waste.

We may get asked about whether we've made any decisions on this matter and if we have begun consultations. If so, what feedback have we received so far.

Global Adjustment:

- Ontario electricity prices have been climbing steadily since 2008. The main reason for this increase can be explained by the largest portion of customer electricity rates: the global adjustment.
- However, it does acknowledge that in 2015, the cost of new and refurbished generation -- natural gas, nuclear, and renewables -- made up the largest share of the global adjustment (95%), while conservation programs represented only 5%.

Fair Hydro Plan:

- None of the measures described reduces the true cost of supplying Ontario's electricity; instead they transfer costs from electricity ratepayers to taxpayers, or from one group of ratepayers to another.

I don't think we will be asked questions about this but I thought I'd flag it anyway. We have messaging and Q&As on this issue, so we are prepared in case we get asked.

John

From: Mary Bernard
Sent: Wednesday, July 12, 2017 12:23 PM
To: John Cannella
Subject: FW: Draft chapter of ECO energy report for IESO review

Could you please review and flag anything that you think will be problematic? Let's discuss what you find before we prepare any messaging.

Thanks.

Mary

From: Jordan Penic
Sent: July 12, 2017 9:31 AM
To: Mary Bernard
Subject: FW: Draft chapter of ECO energy report for IESO review

Hi Mary,

Per my previous email, does it make sense to have the BU lead take a look at this and see if there is anything we may need to be prepared for?

Cheers,

Jordan

From: Rouselle Gratela
Sent: July 12, 2017 9:29 AM
To: Jordan Penic
Cc: Carrie Aloussis; Chuck Farmer
Subject: RE: Draft chapter of ECO energy report for IESO review

Thanks very much Jordan.

I can confirm that all of the relevant sections have also been provided other affected ministries and government bodies including the Ministry of Energy, and the Ontario Energy Board. I have attached all of the chapters we have received for your review.

Thanks again,

Rouselle

From: Jordan Penic
Sent: July 12, 2017 9:22 AM
To: Rouselle Gratela

Cc: Carrie Aloussis; Chuck Farmer

Subject: RE: Draft chapter of ECO energy report for IESO review

Hi Rouselle,

We'll take a look and provide feedback where it relates to the IESO, but I would caution that I don't want to be verifying or confirming information where the Ministry of Energy is the owner. In the past, the Ministry has also been asked to review – do you know if they have in this case?

As well, it would be helpful from an issues management perspective if you could share the full report – or the sections you have available. In the case of an ECO report – or any officer of the legislature – we try to have KM and Q&As for anything that we think may generate attention.

Cheers,

Jordan

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From: Rouselle Gratela

Sent: July 11, 2017 4:11 PM

To: Jordan Penic

Cc: Carrie Aloussis; Chuck Farmer

Subject: Draft chapter of ECO energy report for IESO review

Hi Jordan,

We have received draft relevant chapters of the Environmental Commissioner of Ontario's (ECO) annual energy conservation report for our review. The intent of our review is to check for factual and technical accuracy, and provide any corrections or technical comments before the report is finalized and issued publicly. Relevant sections have also been shared with other affected ministries, including the Ministry of Energy, and the Ontario Energy Board.

Attached for your review is **Chapter 3, Ontario Energy Policy in 2016**, which provides a fuel-by-fuel summary and timeline of the key laws, regulations, policies, and funding decisions made in 2016 that affect energy use and conservation in Ontario. This chapter specifically addresses the LTEP, climate change policy, the OFHP and pricing.

Please also feel free to have members of your team review as well.

We will need to provide our comments to the ECO electronically by no later than Friday, July 21, 2017. If I could receive comments by **Thursday, July 20, end of day** that would be great, so I can provide a consolidated package of IESO comments to the ECO.

Thanks again for your assistance, and let me know if you have any questions,

Rouselle

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