

Neil Brodie

From: Neil Brodie
Sent: April 10, 2018 3:50 PM
To: Rosemarie Leclair
Cc: Mary Anne Aldred
Subject: ECO 2018 ENERGY CONSERVATION PROGRESS REPORT

The Environmental Commissioner released a report today titled, Making Connections: Straight Talk about Electricity. This is the first volume and analyses the transformation of the electricity sector from 2005 to 2017. The second volume will focus on the progress of conservation programs in 2016 (due in summer 2018).

The press release is squarely aimed at the government, the headline is: Ontario's energy plan falls short. The main focus is how the LTEP does not plan for the needed low-carbon transition that is needed to meet targets. To help meet GHG targets the energy system needs to become more efficient and the province must do more to conserve.

The Commissioner's summary highlights the cleaner and more reliable system. That both of those factors contributed to the increase in costs to consumers. Ontario has abandoned FIT and the renewable industry but net metering may generate some renewable power. If this source of renewable grows, storage will be important as will more flexible pricing. The Green Energy Act added costs and delays to the renewable energy rollout in Ontario. As well, current electricity customers only pay 80% of the cost of the electricity system with 20% shifted to taxpayers and future ratepayers, not including the \$21B in interest associated with the FHP. This will result in rates increasing in 2021 when the FHP sunsets. The summary then gets into the topic of conservation stating it is the cheapest way to balance supply and demand.

The summary wraps up with the following recommendations.

The ECO recommends that:

1. Ontario's Long-Term Energy Plan should be required by law to be consistent with the Climate Change Mitigation and Low-carbon Economy Act. It should plan Ontario's energy system, not just electricity, and should prepare for significant electrification of transportation and heating.
2. Conservation should play a larger role than it does now and should be focussed on times of high demand. It will have more value as demand grows.
3. Ontario should do more to minimize adverse impacts of electricity generation, such as bird and bat kills by wind turbines.
4. To help people who are unduly affected by electricity rates, low-income and Aboriginal financial support programs should be supplemented with enhanced conservation programs to make electrically heated homes more efficient.
5. Ontario should learn from jurisdictions who already use much more renewable electricity, and update electricity infrastructure and energy system regulations to encourage the low-carbon transformation.

For example:

- a. Ontario should get better at using flexibility tools, such as storage, demand response, interties and prices, to match supply and demand, instead of turning off (curtailing) low-carbon off-peak electricity and running gas-fired generation at peak.
- b. Net metering and Market Renewal should provide sufficient incentives to grow renewable electricity as needed to keep Ontario's electricity supply low-carbon.
- c. Local distribution utilities should facilitate a growing level of renewable generation and

storage.

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There is no mention of the OEB in either the press release or the summary. The main report has 114 references to the OEB most reference OEB data or reports, ie. OEB moved from 800kwh to 750kwh for average household consumption, OEB studied TOU and is now piloting alternatives, reliability standards, rate calculator and rate comparison.

Other references to the OEB include, the ECO points out that the IESO did public consultations for their LTEP Implementation Plan and the OEB did not. The ECO quotes from the OPG decision regarding poor performance and poor management in the nuclear division. The ECO's view is that the OEB hearing raised doubts that the extension of Pickering is in the best interest of Ontario. OEB could make policy and regulatory framework changes to encourage LDC storage development for use in the new capacity market. There are also references to the Modernization Panel, Blueprint and LTEP implementation plan as examples of how the OEB will help the sector move in to the future.

Summary document

<http://docs.assets.eco.on.ca/reports/energy/2018/Making-Connections-Summary.pdf>

Full document (322 pages)

<http://docs.assets.eco.on.ca/reports/energy/2018/Making-Connections.pdf>