

MEMORANDUM TO: Christopher Tyrell
Clerk of the Committee
Standing Committee on Public Accounts

FROM: Stephen Rhodes
Deputy Minister of Energy, Northern Development and
Mines

DATE: April 28, 2021

SUBJECT: Standing Committee on Public Accounts - Letter - Non-
selection 2020 OAGO Report

Dear Mr. Tyrell,

As requested in your letter dated March 1, 2021, please find an update on the Ministry of Energy, Northern Development and Mine's action plans and timetable for addressing the Auditor General's concerns in the 2020 Value-for-Money Audit: Reducing Greenhouse Gas Emissions from Energy Use in Buildings.

Should you have any questions please do not hesitate to contact the ministry's executive lead on this file, Kelly Brown, Assistant Deputy Minister, Conservation and Renewable Energy Division (Kelly.Brown@ontario.ca).

Sincerely,



Stephen Rhodes
Deputy Minister of Energy, Northern Development and Mines

c: Taras Natyshak, MPP, Chair of the Committee
Bonnie Lysyk, Auditor General

Value-for-Money Audit: Reducing Greenhouse Gas Emissions from Energy Use in Buildings
Update on ENDM Action Plans and Timetable

#	Recommendation and Action Item	1 Yr	2 Yrs	3 Yrs	4 Yrs	5+ Yrs	If over 2 years, please provide a rationale	Status Update
1	To co-ordinate energy decisions across government, we recommend that the Ministry of Energy, Northern Development and Mines develop an integrated long-term energy plan that aligns plans for the use of Ontario's major sources of energy (including natural gas) with the government's emission-reduction target. The energy plan could incorporate and consider long-term industrial, commercial and housing development.		X				ENDM Note: ENDM is reviewing the planning framework used to meet the province's long-term energy planning needs. We will consider feedback from the Auditor General's report and will consult with Ontario residents and expert stakeholders. The Ministry anticipates that this review will be complete within the next year. Subsequent development of plans by the government and/or its agencies would require additional time. ENDM will continue to work with MECP on energy-related climate change mitigation activities, including as they relate to integrated energy planning.	ENDM is currently engaging with stakeholders, the public, Indigenous communities, other Ministries, including MECP, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) on the review of Ontario's long-term energy planning framework. A 90-day posting on the Environmental Registry of Ontario closes on April 27, 2021. Following engagement, ENDM will determine next steps.
2	To help Ontario meet its 2030 greenhouse gas emission-reduction target, we recommend that the Ministry of Energy, Northern Development and Mines work with relevant ministries, agencies and stakeholders to implement initiatives in the Made-in-Ontario Environment Plan, including increased cost-effective natural gas		X				ENDM Note: Timeline is for Green Button, natural gas conservation and voluntary display of home energy-efficiency information. ENDM's role in renewable natural gas (RNG) is complete as the Environment Plan commitment for	Green Button: ENDM is planning to seek Cabinet approval in Summer 2021 of a regulation that would require the province-wide implementation of the Green Button standard by electricity and natural gas utilities. It is expected that a phase-in period will be prescribed in the regulation.

	conservation, increased uptake of renewable natural gas, and the voluntary display of home energy-efficiency information.						a voluntary RNG program has already been substantively met. For example, Enbridge has launched a voluntary RNG program that is widely available to its 3.8 million residential customers (about 99.7% of all Ontario residential customers). For non-Enbridge customers or those wishing to switch to 100% RNG there are other suppliers (e.g., Bullfrog). Any government mandate in regard to minimum renewable fuel content is environmental policy governed by the Environmental Protection Act (e.g., ethanol content in gasoline), which falls under MECP's authority.	Natural Gas Conservation: On November 27, 2020, the Associate Minister of Energy and the Minister of Environment, Conservation and Parks wrote to the CEO of the OEB regarding cost-effective natural gas conservation programming. This letter expressed support for increasing cost-effective ratepayer funding of natural gas conservation in Ontario, while recognizing that the OEB must balance ratepayer interests regarding bill impacts with the level of natural gas savings pursued. On December 1, 2020, the OEB issued a letter to conclude their policy consultation to establish post-2020 natural gas conservation programming and stated it would be proceeding with an adjudicative process. Through this letter, the OEB invited Enbridge Gas Inc. (EGI) to develop and file a comprehensive DSM plan application for natural gas conservation programs starting in 2022. This letter stated that the OEB anticipated modest budget increases relative to current programming to be proposed by EGI in the near-term in order to increase natural gas savings, and OEB expects EGI to seek to improve the cost-effectiveness of its programs.
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								At a minimum, the OEB expects EGI to submit an application for new programming that includes proposed targets, budgets and performance metrics no later than May 1, 2021 for consideration through the OEB's adjudicative process. Voluntary Display of Home Energy-Efficiency Information: Ministry has begun an internal review of display of home energy-efficiency information on real estate sites in other jurisdictions.
11	To achieve natural gas conservation savings and to minimize future costs, we recommend that the Ministry of Energy, Northern Development and Mines ensure that the Ontario Energy Board continue to work toward a natural gas conservation framework that balances the implementation of cost-effective natural gas conservation with the impact on ratepayers.		X					See ENDM status update re: Natural Gas Conservation under "Recommendation 2" above".
13.1	To clearly and transparently outline its expectations of the Ontario Energy Board, we recommend that the Ministry of Energy, Northern Development and Mines: work with the Ontario Energy Board to finalize a new	X						Completed February 11, 2021 A new MOU between the Minister and the Chair of the OEB was executed on February 11, 2021. The MOU aligns with the Agencies and Appointments Directive framework and reflects the new governance structure of the OEB and OEB

	memorandum of understanding, as required by the <i>Ontario Energy Board Act, 1998</i> and the Agencies and Appointments Directive; and							Modernization principles including independence, accountability, certainty, effectiveness and efficiency. The MOU is expected to provide clarity and transparency relative to the relationship between OEB and the Ministry. The MOU between the OEB and ENDM is publicly posted by the OEB.
13.2	issue annual mandate letters to the Ontario Energy Board, as required by the Agencies and Appointments Directive.	Completed Oct 1, 2020						Completed October 1, 2020 The Minister's Mandate Letter to the Chair on OEB Modernization and the Mandate Letter (broad government priorities) are publicly posted by the OEB.
14.1	To assess and monitor whether the Ontario Energy Board (OEB) is achieving its mandated objectives, particularly in the area of energy conservation as required under the <i>Ontario Energy Board Act, 1998</i>, we recommend that the Ministry of Energy, Northern Development and Mines: regularly request that the OEB prepare and submit a report on the effectiveness of its policies and initiatives in achieving desired outcomes and mandated objectives, including the			X			ENDM Note: As noted in the Ministry's response, the timing is to be determined in consultation with the OEB at a later date. The OEB began operating under a new governance structure in October 2020 and is continuing to develop its approach to delivering on the Minister's mandate letter. The OEB is currently working on its first 2021-2024 Business Plan under the new governance structure. As this plan is finalized, ENDM will consult OEB and assess when an effectiveness review would provide the most value in evaluating the progress of the modernization initiative and the OEB's performance towards meeting its statutory	The OEB has entered into a new phase towards modernization since October 2020 when the new leadership team took effect under the new governance structure. Under the new leadership, the OEB submitted its 2021-2024 business plan to the Minister in late February 2021 to address its approach to delivering on the Minister's Mandate Letter for OEB modernization. The Plan focuses on organizational transformation and facilitating innovation. The Minister's approval of the OEB-2021-2024 business plan was issued on March 26, 2021 and the documents are publicly posted

	promotion of natural gas conservation and energy efficiency; and						objectives.	The OEB is also working on completing a strategic plan that will set out strategic priorities for OEB's performance and broad policy for the sector in the coming 1-5 years with established performance outcomes. ENDM monitor the progress on how OEB will achieve its first years of established goals in response to the Mandate Letter. The OEB is expected to submit its annual report by August 2021 to report on the results of its achievement in the business plan following its governance reform. ENDM will consult with OEB and assess when an effectiveness review would provide the most value in evaluating the effectiveness of OEB towards meeting its statutory objectives.
14.2	table the OEB's effectiveness reports in the Legislative Assembly.			X				Subject to the completion of an effectiveness review (item 14.1), the Minister will table the report as required by the legislation.
15	To improve the accuracy of the energy-use data received, and the effectiveness of its energy reporting and benchmarking programs, we recommend that the Ministry of Energy, Northern Development and Mines require periodic third-party verification of submitted data, or conduct energy					X	Rationale for Timeline: As noted in the Ministry response, requiring third-party verification of data and energy audits would have a fiscal impact on building owners/operators and the province. The government is committed to achieving energy data integrity while reducing the potential financial burdens	No update – too early in planning/implementation to provide specific details/updates.

	audits of building samples that include those with likely errors.						Over the next 4 years, the Ministry will identify and address data outliers, provide building owners with typical energy intensity for their building type, as well as tips and best practices to help private and broader public sector building owners identify and address potential data quality issues. Once these procedures are put in place, the Ministry will need to examine the quality of the data over at least a few reporting cycles to understand the impact of these measures. Following that, if the quality of data does not improve, the Ministry will explore the option of requiring periodic third-party verification of submitted data, or conducting energy audits of building samples while balancing it with the associated fiscal pressures.	
16.1	To improve the completeness of the energy-use data received, and the effectiveness of its energy reporting and benchmarking programs, we recommend that the Ministry of Energy, Northern Development and Mines: implement best practices to enforce compliance with its private-sector energy reporting programs;		X					Internal analysis has begun to address this recommendation.

16.2	expand the reporting requirements to include broader-public-sector buildings that have high energy consumption, such as social housing and long-term care homes; and					X	Rationale for Timeline: As noted in the Ministry response, social housing and long-term care homes were not included in the broader public sector reporting regulation due to the potential burden to Ontario's hospitals and municipalities. Considering the impacts of COVID-19, the Ministry would not suggest including these operation types at this time. Over the next 4-5 years the ministry will explore options to expand the regulation to include these operations.	No update – too early in planning/implementation to provide specific details/updates.
16.3	ensure voluntary participants have access to their utility data.			X			Rationale for Timeline: As noted in the Ministry response, there is ongoing engagement with the utility sector on how utility data could be made available to voluntary participants. Unlike other jurisdictions (e.g. US) with reporting ordinances, Ontario has many more utilities across the province to work with on voluntarily sharing aggregated utility data with building owners. The Ministry will continue to engage with utilities to encourage sharing of data in advance of utilities being required to provide data to buildings that are greater than 50,000 sq. ft in 2023.	Ministry staff have been working with the Energy and Water Reporting and Benchmarking (EWRB) Utility Stakeholder Working Group to produce a <i>Best Practices Guide</i> for utilities to encourage utilities to adopt practices that make it easier for building owners to acquire the data to report. The guide encourages utilities to consider providing data to building owners between 50,000 and 100,000 sq. ft. who request it to report voluntarily prior to 2023.
17	To reduce the administrative burden on reporters, such as building owners, and help improve both the accuracy and completeness of the energy-use data received, we recommend that the			X			Rationale for Timeline: As noted in the Ministry response, the feasibility of having utility data submitted directly to the Ministry will need to be assessed while balancing fiscal	Ministry staff are working collaboratively with utilities to encourage utilities to adopt standard data sharing practices among the utilities and therefore reduce administrative burden on both reporters and utilities. This

	Ministry of Energy, Northern Development and Mines require utilities to submit data directly to the Ministry using a consistent process.						constraints (e.g. IT, human resources). The Ministry will also need to take into consideration privacy rules associated with receiving utility data directly. Over the next three years, the Ministry will explore this recommendation's feasibility while continuing to engage with the utility sector to make it easier for building owners to obtain aggregated utility data.	includes working with the EWRB Utility Stakeholder Working Group to produce a <i>Best Practices Guide</i> (noted in item 16.3 above).
18	To improve program effectiveness, support transparency and innovation, and allow stakeholders to incorporate energy efficiency information into their decision-making, we recommend that the Ministry of Energy, Northern Development and Mines develop an open data engagement plan to explore ways to make data on the energy use of private- and broader-public-sector buildings useful and promptly available to relevant stakeholders.	X						Internal ministry work has begun. Ministry staff have started coordinating with Open Government Office, digital comms, and TBS to discuss data engagement plans. Ministry is currently conducting a scan for open-data engagement plans and processes in other jurisdictions (e.g., Toronto) to inform ENDM's plan.
19	So that energy-efficiency standards achieve their intended energy, emission and cost savings, we recommend that the Ministry of Energy, Northern Development and Mines establish and implement processes to monitor and enforce compliance with its energy-efficiency standards.						ENDM Note: As noted in the Ministry's response, ENDM's existing commitment to ensure broad awareness of Ontario's energy efficiency requirements among stakeholders is active and ongoing.	N/A