

# 2021-2024 Conservation and Demand Management Framework

## 2021-2024 Conservation and Demand Management Framework Program Plan

The Conservation and Demand Management (CDM) Framework Program Plan is an overview of the CDM programs to be delivered by the IESO, under the Save on Energy brand, from January 2021 to December 2024. The plan sets out forecast budgets and, where applicable, savings targets and estimated cost-effectiveness for the portfolio of CDM programs.

The IESO will report on program participation, expenditures against budget, and progress towards demand and energy savings targets, greenhouse gas emission reductions, and additional achievements of the Energy Affordability Program and on-reserve First Nations programs, on an annual and quarterly basis. In addition, the IESO will undertake a formal review of progress and strategy at the midpoint of the framework in late 2022. This review is to ensure that the CDM program offerings, targets, and budget are effectively meeting both electricity system and customer needs. Findings and recommendations from the midterm review may be used to adjust and enhance the CDM program offerings for the second half of the framework.

### 2021-2024 CDM Framework Overview

The 2021-2024 CDM Framework focuses on cost-effectively meeting the needs of electricity consumers and Ontario's electricity system through the delivery of programs and opportunities to enable electricity consumers to improve the energy efficiency of their homes, businesses and facilities. As Ontario recovers from potential impacts of the Novel Coronavirus (COVID-19), the IESO and government recognize that electricity CDM programs provide continued opportunities for electricity consumers to save on energy costs and are an important contributor to Ontario's economy. Additional focus areas of the framework include:

- Achieving provincial peak demand reductions and implementing targeted approaches to address regional/local system needs using demand side solutions as cost-effective alternatives to traditional infrastructure investments
- Leveraging competitive mechanisms to drive cost efficiencies and support innovative customer based-solutions

Details about the various incentives offered through each program and how to apply for programs is available at [SaveOnEnergy.ca](https://www.saveonenergy.ca).

### **Budget and Targets:**

The plan, which is subject to changes and revisions over time, allocates the 2021-2024 Conservation and Demand Management Framework budget of up to \$692 million over the suite of programs and is forecasted to achieve 440 MW of peak demand savings and 2.7 TWh of electricity savings.

### **Reporting:**

As part of its responsibilities, the IESO will publish the verified results of its Evaluation, Measurement, and Verification (EM&V) of the savings resulting from the 2021-2024 CDM Framework, as well as costs related to its activities in support of programs such as audits, capability building and training. The IESO will publish verified program results on a yearly basis, as well as quarterly program updates, to inform the sector on the progress to meeting the targets.

### **Cost Effectiveness:**

Program cost-effectiveness under the 2021-2024 CDM Framework for the CDM Plan is assessed using forecasted program participation and supply side avoided costs – which estimate the cost of supplying that same amount of energy from the current electricity generation mix. The IESO Cost-Effectiveness Guide is available on the IESO website. Cost effectiveness in this plan is based on avoided supply costs developed in the IESO's January 2020 Annual Planning Outlook and may be updated at mid-term subject to changes in updated annual planning outlooks.

### **2021-2024 CDM Framework Summary Tables**

- *The following tables outline the associated budget, electricity and demand savings, and cost-effectiveness of the programs delivered under the 2021-2024 CDM Framework.*

## Budget

Program	Budget (\$M)			
	2021	2022	2023	2024
Retrofit Prescriptive Program	57.6	54.5	39.0	39.0
Small Business Program	9.1	9.2	5.1	5.1
Energy Performance Program	4.4	3.5	6.9	7.2
Energy Management	3.5	8.3	14.0	14.0
Customer Solutions	0.0	0.0	55.0	55.0
Local Initiatives	15.4	14.5	18.0	17.7
<b>Total Business Programs</b>	<b>90.0</b>	<b>90.0</b>	<b>138.0</b>	<b>138.0</b>
Energy Affordability Program	36.7	37.5	38.9	40.2
First Nations Program	9.0	9.0	9.0	9.0
<b>Total Support Programs</b>	<b>45.7</b>	<b>46.5</b>	<b>47.9</b>	<b>49.3</b>
<b>Total all Programs</b>	<b>135.7</b>	<b>136.5</b>	<b>185.9</b>	<b>187.2</b>
Customer Education and Tools	0.3	0.3	0.3	0.3
Central Services - Business	9.7	9.7	11.7	11.7
Central Services - Support	0.3	0.8	0.8	0.8
<b>Total IESO Services</b>	<b>10.3</b>	<b>10.8</b>	<b>12.8</b>	<b>12.8</b>
<b>Total Annual Budget</b>	<b>146.0</b>	<b>147.3</b>	<b>198.7</b>	<b>200.1</b>
CDM Framework Total				<b>692.0</b>

## Peak Demand and Energy Savings

Program	Peak Demand Savings (MW)				Energy Savings (GWh)			
	2021	2022	2023	2024	2021	2022	2023	2024
Retrofit Program	57.7	54.5	42.2	42.2	354.3	337.8	217.2	217.2
Small Business Program	5.3	3.9	1.9	2.1	40.2	28.5	14.3	15.3
Energy Performance Program	2.8	2.2	4.3	4.5	21.8	17.3	34.1	35.6
Energy Management	2.1	6.8	16.1	16.1	16.4	47.3	115.2	115.2
Customer Solutions	0.0	0.0	44.1	44.1	0.0	0.0	325.7	325.7
Local Initiatives	13.6	12.5	15.7	15.3	52.4	52.4	62.9	62.9
<b>Total Business Programs</b>	<b>81.3</b>	<b>79.9</b>	<b>124.3</b>	<b>124.3</b>	<b>485.0</b>	<b>483.3</b>	<b>769.4</b>	<b>771.9</b>
Energy Affordability Program	6.1	6.5	6.7	7.0	47.6	50.3	52.3	54.0
First Nations Program	1.2	0.9	0.9	0.9	10.3	7.3	7.3	7.3
<b>Total Support Programs</b>	<b>7.3</b>	<b>7.4</b>	<b>7.6</b>	<b>7.9</b>	<b>57.9</b>	<b>57.7</b>	<b>59.6</b>	<b>61.5</b>
<b>Total Annual Savings</b>	<b>88.6</b>	<b>87.3</b>	<b>131.9</b>	<b>132.2</b>	<b>542.9</b>	<b>541.0</b>	<b>829.0</b>	<b>833.4</b>
CDM Framework Total				<b>440</b>				<b>2746</b>

## Program Cost-Effectiveness

	Cost Effectiveness		
	Program Administrator Cost (PAC) Ratio	Levelized Unit Energy Costs (\$/MWh)	Levelized Unit Capacity Costs (\$'000/MW-yr)
Retrofit Prescriptive Program	2.3	19	118
Small Business Program	1.1	39	308
Energy Performance Program	1.5	31	246
Energy Management	1.5	29	208
Customer Solutions	2.2	22	164
Local Initiatives	1.4	37	148
<b>All Business Programs</b>	<b>1.9</b>	<b>25</b>	<b>155</b>

### Technical Notes:

- *Peak demand savings are calculated in accordance with the IESO Evaluation, Measurement and Verification Protocols and Requirements which are available on [IESO.ca](https://ieso.ca) Peak demand savings and energy savings are persisting savings in 2026.*
- *Budgets are funds committed in the calendar year; energy and demand savings in a calendar year are those resulting from the budget commitment.*
- *Cost effectiveness is calculated in accordance with the IESO's Cost Effectiveness Guide which is available on [IESO.ca](https://ieso.ca). Avoided supply costs are based on the IESO's January 2020 Annual Planning Outlook.*
- *As per the [September 30<sup>th</sup> Ministerial Directive](#), the Energy Affordability Program and First Nation Programs are not required to meet cost effectiveness thresholds as these programs provide significant non-energy benefits not captured through cost-effectiveness analysis.*