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RE: ERO # 019-2132

Established in 1969, Pollution Probe is one of Canada's longest serving and most respected environmental organizations. Pollution Probe has a proven track record of working in successful partnerships with industry and government to develop practical solutions for shared environmental challenges. Its approach is to define environmental problems through research, to promote understanding through education, and to press for practical solutions through advocacy.

Pollution Probe supports the Ontario Government's commitment to continue to provide energy efficiency and conservation and demand measures (CDM) activities in Ontario. The most cost-effective energy for Ontarians is the energy that is not needed in the first place. In fact, CDM is one of the few areas that produces net economic benefits far exceeding program costs. CDM has additional benefits such as job creation and directly supports Ontario's Environment Plan and municipal energy and emissions plans across Ontario.

Pollution Probe also supports the Government's proposal to use CDM to target provincial and local system needs, and to empower citizens to better control their energy use. Energy efficiency and CDM are important resources as we consider the transition in our energy system and ensuring we can reduce emissions while protecting all consumers.

Our comments are based on a project Pollution Probe completed in March 2020, which focused on how the GTA could meet its electricity system needs after the retirement of the Pickering nuclear station without increasing emissions. Our research was informed from a multi-stakeholder Expert Workshop held in Toronto in January 2020, which included representatives from all major utilities, government, industry and civil society. More details on our suggestions can be found in our report, "Replacing Pickering: The Next Step in the GTA's Clean Energy Transition." It can be found on our website and has been included in this submission.

The proposed framework could be improved by including the following:

1.) Ontario has worked hard to clean its electricity mix and reduce the related health and climate impacts. Ontario is forecasting that its electricity mix into the future will become dirtier due to a greater reliance on fossil fuel generation. Including emissions reduction in the goals of the new framework, along with reducing costs, could allow for innovative uses of CDM to reduce demand not only during peak periods, but during periods when the emissions intensity of electricity is high, and to shift consumption to periods of low demand and high supply.
2.) As indicated in the Government's proposal, there is great potential to use CDM and energy efficiency, along with distributed energy resources, to collectively provide cost-effective grid services at specific locations and times on the grid. Such as program, usually referred to as strategic demand reduction (SDR), can provide cost savings for the entire system, reduce emissions and increase flexibility, which is needed in these uncertain times. In addition, SDR can also reduce demand when the power on the grid is emissions-intensive and increase demand when there is surplus non-emitting generation on the grid.

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What will be needed

To realize Ontario's goals, changes will be needed in three areas: planning, data access and competitive procurement.

1.) **Planning**: Current regional energy planning does not consider SDR, non-wires solutions or how CDM or other non-traditional resources could play a system role. IESO, HONI and LDCs need to transparently demonstrate consideration of non-wire solutions (NWS) when new infrastructure or upgrades are proposed, including both demand reduction and non-emitting supply. While traditional infrastructure may be selected in the end for various reasons, they need to demonstrate why that was selected over the alternatives, and the reasons for that decision.
2.) **Data access**: The proposal says that services that meet local and regional needs should be procured competitively, and to help businesses meet energy needs. To do so, customers and third-party developers will require greater and more transparent access to data to evaluate system need to identify potential projects that could provide value to the system.
3.) **Competitive procurement**: Competitive procurement of services is highlighted in the proposal. There are two ways to get competition among third-party developers to provide services. RFPs for services, as was done in the Brooklyn-Queens Neighborhood Program in New York, is one option. Another method would be through the development of a Value of DER tariff, which includes CDM, such as is being developed in New York. For both robust planning, transparency and open data are required for third-party developers and consumers to make informed decisions. Such transparency is likely to be even more crucial for building owners to provide whole-building solutions as greater certainty on costs and procurement methods will be required.

Ontario needs to aggressively ramp up CDM activities in 2021 to ensure that it is not running behind and that current programs do not expire. Increased electrification of Ontario's economy, including such sectors as transportation and heating, is planned in the coming years and needs to be considered in any future CDM framework. Maximizing CDM across all sectors will increase Ontario's competitive advantage, including for areas of innovation such as the hydrogen economy which will require access to clean electricity.

We would like to thank the Ontario Government for the opportunity to comment on the proposal, and we look forward to collaborating on developing a CDM framework that is fit for Ontario for the coming years. Please do not hesitate to reach out if you would like to further leverage Pollution Probe's diverse experience and partnerships in this area.