

August 21, 2020

Ms. Melanie Torrie  
Senior Policy Advisor  
Ministry of Energy, Northern Development and Mines, Conservation and Renewable  
Energy Division  
77 Grenville St., 5th Floor  
Toronto, ON M7A 2C1

RE: ERO #019-2132

Dear Ms. Torrie,

For over a decade, Alectra and its predecessor utilities have been committed to delivering conservation and demand management (CDM) programs to our diverse customer base across the Greater Golden Horseshoe region. CDM is an important part of a complete suite of energy solutions that offers real value to customers, the electricity grid, and all key participants in the electricity value chain. Under the cloud of COVID-19 and the resulting damage done to Ontario's economy, it is important that we reimagine CDM to be effective for small and large businesses, constrained regions, and remote communities who need these benefits.

The Government and the IESO have the opportunity to leverage the CDM experience of local distribution companies (LDCs) that could provide low-cost solutions for Ontario's anticipated capacity needs which are expected to be required in as little as two short years.

Alectra is pleased to provide this submission to the Ministry of Energy, Northern Development and Mines' (MENDM) proposal for a 2021-2024 CDM Framework. We support the continuation of energy conservation in Ontario and applaud the government for focusing on the development of the post-2020 framework.

***Comment 1: Alectra welcomes the opportunity to comment on the draft framework details***

The feedback in this submission represents Alectra's high-level ideas with respect to the information presented in the proposal. We look forward to providing more definitive comments when draft framework details are released (e.g., budgets, evaluation methodology, program selection criteria, etc.). Clarifying these details is critical for Alectra and other potential participants to fairly determine if and how we can play an effective role in providing these services.

The 2019 Achievable Potential Study (APS) determined that potential new peak demand savings ranges from 300-600 MW in 2023 and from 2,000-3,000 MW in 2038. Between 2.8-4.9 TWh of new energy savings potential is expected to be available in

2023 and from 18-24 TWh in 2038. Our belief is that the results from the IESO's regional needs assessment will also be needed to further define the targets indicated above.

***Comment 2: How to successfully deliver customer value in the age of COVID-19***

Alectra and its predecessor utilities have successfully delivered CDM programs to approximately one in five of all electricity customers in Ontario for over fifteen years. We work with residential, small business, and industrial customers to help them find ways to reduce their energy consumption and manage their electricity usage in order to lower their bills. This requires having a keen appreciation of customers' needs, a genuine interest in maximizing their success, and the ability to build and maintain trusted relationships. The OEB LDC Scorecard results established that we held 9,338 face-to-face site visits to customers in 2017, with account specialists responsible for managing relationships with our 3,400 highest demand customers.

Alectra's customer-focused approach to program delivery is still recognized for its 'value-add' by our customers themselves. Since the transition to a centrally-delivered Interim Framework, Alectra's call centre and CDM department have continued to receive phone calls and inquiries from customers who have been confused by the new process and have needed additional guidance and support. LDCs have a long-standing responsibility to, and trusted relationships with, our customers that cannot be replicated by single-service third parties. Further, as a regulated enterprise, LDCs' primary motivation is different from that of third parties, who are not held to the same customer service standards. This is a major deficiency of a centrally-delivered framework that we hope to address through local programs.

The harsh reality resulting from the COVID-19 pandemic is that businesses are more resource-constrained than ever. Businesses know that CDM programs help their bottom line and their path to economic recovery, but they need service providers that make it easy for them to access these potential savings. Alectra understands that customers are looking for a straightforward experience, an expert guide, and a reasonable payback period on their efficiency investments. The 2021-2024 framework should leverage the trusted relationships that LDCs have with their customers because higher customer participation levels improve the cost effectiveness of the framework, increase the system benefits, and allow for the entire program to achieve the desired successful outcome.

***Comment 3: The benefits of leveraging LDC advantages for framework priorities and achieving a successful outcome***

CDM is known to be the lowest-cost resource that provides benefits for electricity system participants, the operation of the electricity grid, and customers. Distribution system operators are the only market participants with an understanding of and direct interaction with all three stakeholder groups. The proposed framework has highlighted benefits associated with seasonal peak management and local/regional constraints and

reduction needs. These are areas where Alectra and other LDCs will add enormous value if we are appropriately involved in this initiative.

The IESO's Verified Results showed that Alectra achieved 648 MW of peak demand reduction between 2015 to 2017. Our CDM programs lowered the province-wide summer peak in 2017 by 2.9% despite the fact that, under the CFF (Conservation First Framework), LDCs are only compensated by energy savings achieved (versus peak demand reduction) achieved.

Our focused regional expertise and trusted position with customers will be critical to identifying and successfully accessing any local/regional savings opportunities. LDCs have specific knowledge of local distribution constraints and Alectra is willing to assist in identifying the needs in our service territory as well as bringing local issues and program solutions to the proposed framework. We would recommend that any such programs should be assessed holistically, incorporating cost-effectiveness measures alongside system benefits and non-energy benefits (e.g., customer education, GHG reductions, productivity improvements, decreased service disruptions, etc.).

***Comment 4: The benefits of permitting market evolutions that realize customer benefits***

In attempting to maximize the energy savings potential, LDCs have been barred from offering our customers complete energy solutions as a result of historical and outdated requirements associated with the Affiliate Relationships Code (ARC). The ARC was created to address retail market issues and is now out of date. This bureaucratic wall between the regulated utility and its competitive services affiliate does not benefit customers, who are looking for a single energy solutions partner. The ARC presently limits Alectra from offering clear and unambiguous solutions to assist customers in managing their energy costs with a single provider.

***Comment 5: The benefits of including program types not currently contemplated in the proposal***

Alectra prides itself on our commitment to providing our customers with innovative solutions. We offer the following suggestions for programs to be considered as customer options in the proposed framework:

1) In-Front-of-the-Meter Conservation (IFMC)

IFMC utilizes technologies on the distribution system to drive peak demand reduction and electricity savings, and provides secondary benefits that produce a smarter grid overall. In a July 2017 report on IFMC potential, Navigant found that 30% of Ontario's distribution system could be cost-effectively retrofitted with Volt/VAR Optimization (VVO) and Line Loss Identification and Mitigation (LLIM)

technology. Alectra has begun investigating this as a “utility-based CDM program.”

## 2) Behind-the-Meter (BTM) Conservation

Alectra was pleased to see the Bulletin released by OEB Staff on August 6, 2020 regarding the usefulness of energy storage assets for augmenting reliability of service. We encourage the government to also consider the benefits of energy storage and other distributed energy solutions (DERs) to reduce peak demand, and suggest that this could be shaped into a BTM CDM program.

## 3) Electrification Retrofit

Even prior to COVID-19, Ontario had surplus energy supply which has been further exacerbated because of the continuing demand destruction caused by the pandemic. We have an opportunity to leverage these incremental megawatt-hours across a number of platforms so as to increase energy usage without raising peak demand, thereby making the entire system more effective. Enabling beneficial electrification will drive down costs for all customers, by spreading out the system’s fixed costs over a larger number of kWh. It would achieve the government’s objective of driving down electricity costs without subsidies and result in a net economic benefit to Ontario.

Alectra proposes two specific market segments where we could incentivize this via an electrification retrofit program:

- i) Residential building systems – heat pump technology is radically more efficient than legacy gas-burning and electric baseboards for space heating.
- ii) Electric vehicle (EV) charging – installing chargers in homes and businesses would significantly increase EV uptake and provide ancillary system benefits.

## 4) Financing for Deep / Whole Building Retrofits

Low or no-interest provincial loans that could be paid back from electricity bill savings would help customers proceed with deeper or whole building retrofits without tying up critical capital. Alectra highlights that several of our municipalities are interested in this concept, and have applied for the Federation of Canadian Municipalities’ (FCM) Community Financing Initiative to develop such financing programs. The proposed framework could be designed to leverage these kinds of efforts and ultimately provide customers with a more compelling financing offer for deep/whole building retrofits. These kinds of projects would undoubtedly

kickstart construction activity, create good, local jobs, and support Ontario's economic recovery.

The 2021-2024 CDM Framework should be designed with customers' needs at its core. Alectra and other LDCs have the experience, relationships, and local knowledge that will ensure the framework benefits customers and the system at large. We cannot over-emphasize the point made previously that customers continue to reach out and look to us as their first choice for advice and guidance on energy efficiency and accessing CDM programs, and that we should be empowered to deliver a full suite of energy solutions.

Alectra encourages the government to include LDCs in further developing the details of the proposed future framework, and is eager to support the IESO and other stakeholders to ensure the most effective outcomes for all customers.

We are happy to discuss any of our above comments in greater detail and thank you for the opportunity to provide feedback.

Regards,

Gia M. DeJulio, LLM, P.Eng.  
Acting Vice-President, Conservation & Demand Management