

Hydro One ERO 019-2132 Submission: 2021-2024 Conservation and Demand Management



Hydro One Networks Inc.

8/22/2020

Table of Contents

Hydro One Networks Inc. response	2
Clarification Requested	2
Recommendations	2
Broaden Eligible Solutions	2
Mass Market Educational Campaigns	3
Getting Local through the Local Distribution Company	3
Industry-centric, Segment-centric Design	3
Low-income Programs	3
First Nations Communities	4
Roll over Interim Framework Local Programs into New Framework	4
Reporting Metrics	4

Hydro One Networks Inc. response

August 22, 2020

Ministry of Energy, Northern Development and Mines
Conservation and Renewable Energy Division
77 Grenville St.
Toronto, ON M7A 2C1

RE: 2021-2024 Conservation and Demand Management Framework ERO #019-2132 Response

Hydro One is Canada's largest electricity transmission and distribution service provider. Our values guide us to work relentlessly to serve homes, businesses and communities across Ontario. Over the last year, Hydro One has been involved in a number of initiatives to improve reliability and resiliency for customers, including businesses and First Nations communities, while at the same time modernizing Ontario's electricity grid.

We reviewed the summary proposal for the new 2021-2024 CDM Framework and generally welcome and support the New Framework's principles. A strong CDM framework is an important factor in making life more affordable, meeting local community energy needs, and encouraging business to invest and expand in Ontario. This submission contains our requests for clarification and recommendations on the New Framework's design.

Clarification Requested

We request clarity on the scope of centralized program delivery by IESO. Specifically:

- Given the IESO's primary accountabilities are technical (i.e. bulk system planning, market operations, and bulk system reliability), will the Ministry require that the IESO establish customer service standards to protect customers and ensure a positive customer experience?
- How will investments in the IESO's customer service capacity be funded?
- Will every program be centrally delivered by the IESO, even if they are addressing local needs brought forth by LDCs?
- Can LDCs and third parties propose programs and projects that are not centrally delivered by the IESO?

Recommendations

We offer the following recommendations regarding program availability and design.

Broaden Eligible Solutions

We understand the New Framework will initially focus on peak demand reductions and local and regional system needs. To date, storage solutions are outside the scope of CDM programs. These solutions are highly effective at shifting load and improving reliability and customer satisfaction. With the New Framework's focus on peak reduction, one of the biggest opportunities for the large customers to reduce peak while maintaining their activities would be a demand response program. This program would use energy storage for load shifting during peak times.

We recommend that load management solutions such as voltage regulation, batteries and distributed energy resources be included in local programming.

Mass Market Educational Campaigns

We believe that residential/mass market educational campaigns are best delivered through LDCs, as LDCs can leverage existing marketing or engagement channels, including the monthly bill channel. LDCs are the face of the energy sector to end users and regularly offer CDM tips. Customer confusion can result from communications coming from different organizations on the same topic: energy usage.

Getting Local through the Local Distribution Company

If a LDC has identified a local constraint or need, the LDC should have the ability to deliver that program to meet it in a manner customized to local grid, consumption and community conditions. Without that level of control, LDCs may not bring forth such opportunities and assume the risk of poor outcomes.

Industry-centric, Segment-centric Design

Customer CDM initiatives often face high upfront costs and integration challenges. While designing a central solution for these large customers might be challenging, we recommend designing common solutions depending on industry type such as paper and pulp, mining, greenhouse or manufacturing, taking into account the unique conditions of each industry and its capacity to deliver peak reductions when needed.

As a service provider to rural communities, we advocate a comprehensive approach to the agricultural industry, ideally a program that covers advanced pumping irrigation efficiency, pump testing, predictive and preventive maintenance, new construction incentives, retrofits for higher efficiency equipment, retro commissioning and tune up program. We believe this type of program would help this growing industry thrive in Ontario and make Ontario a more competitive place to invest in agriculture.

Small and mid-sized enterprises (SMEs) are the most difficult to engage and reach due to their numbers and geographic distribution across the province. They are also the hardest hit by the COVID-19 pandemic. For this segment, we recommend direct install programs (ideally, integrated with natural gas programs) and expedited business case submission processes. An attractive SME program is the data-driven Virtual Commissioning (VCx™) Program offered by Power TakeOff that targets *low to no-cost* commissioning with average annual electric savings of 13%. Delivered virtually, this program has no geographic limitations to delivery and delivers savings to SMEs who often lease facilities and do not have dedicated energy consultants.

Large customers want and can exercise choice. For this reason, direct install programs are not appropriate for them. For large customers, we recommend a LDC-facilitated program that helps customers build energy management plans until the end of the new Framework (2024) which help the IESO and LDCs more accurately forecast load. The plans will also enable LDCs' key account managers to: (a) identify large, complex project opportunities for customers faster; and (b) accurately educate customers on the technical implications of connecting these projects to the grid and on billing impacts.

Low-income Programs

As Administrator, Hydro One runs the very successful Affordability Fund program province-wide. This program is delivered through LDCs, and we attribute its success to close LDC-customer relationships.

Informed by our experience as AFT Administrator, we would like to see a low-income program that is energy source agnostic and provides one intake point for applications. Understandably, customers are confused by the multiple programs, eligibility levels, and delivery sources. Language barriers and health challenges can compound this confusion, making these customers particularly vulnerable to bad actors. This segment requires heightened customer protections and support in navigating the available supports.

First Nations Communities

As the electricity service provider to most First Nations, Hydro One has built strong relationships with Band Council members on a solid foundation of respect and understanding of unique culture of Indigenous communities. We believe this drove significant improvement in participation rates for the First Nations Conservation Program when Hydro One assumed responsibility for delivery. We would be very happy to collaborate with the IESO on engaging with these communities on their energy needs.

Roll over Interim Framework Local Programs into New Framework

Allowing local programs under the Interim Framework to roll over into the New Framework can yield energy efficiency savings with no start-up costs under the New Framework (as those costs have already been paid) and provide continuity in the marketplace that is already fatigued by stop-starts.

Reporting Metrics

LDCs get rate recovery for revenues lost due to IESO CDM programs. We need assurance that the IESO will produce objective, verified results that the industry can use in proceedings before the OEB.

Many municipalities and businesses have adopted climate change action plans. We would like to see the IESO track GHG and carbon emission reductions generated under the New Framework for the benefit of stakeholders reporting these impacts, including the government.

Thank you for the opportunity to comment on the high-level summary provided. We trust you find these comments and questions helpful.

Sincerely,

Lisa Lee

Director, Customer Solutions, Hydro One

Appendix: MENDM Proposal for **2021-2024 Conservation and Demand Management Framework**

Term: Four-year term from January 1, 2021 to December 31, 2024, with a mid-term review at the end of 2022.

Delivery: The Framework would continue to be centrally delivered by the IESO with opportunities for anyone, including customers, LDCs and program delivery companies to propose cost-effective programs or projects that meet local or regional electricity system needs.

Objectives and customers served: Address limited system needs in near term in the most cost-effective manner while maintaining program delivery capacity in the province; and increase CDM investments in the second two years of the Framework (2023-24) to meet system needs that emerge through the 2020s. To be achieved by:

- Targeting provincial bulk system needs (primarily peak demand reductions) and local/regional system needs.
- Recognizing the wide availability of cost-effective residential energy efficient products, this Framework would focus on providing education and tools for residential customers to empower them to improve their energy efficiency.

Program Types: Proposed programs under the new Framework would fall under the following general program types, with some offering benefits in more than one category. In order to provide a seamless transition from the Interim Framework and to target system needs as they arise, programs may be phased in over time.

- Programs that incentivize whole building electricity savings and peak demand reduction and help business to increase their internal energy management capacity.
- Programs that target local/regional needs, procured through a competitive process.
- Customer-driven solutions for larger/complex projects.
- Customer friendly and direct install programs that enable easy access and savings for standardized measures, including programs for small businesses.
- Programs for on-reserve First Nations communities, including for remote communities soon to be connected to the provincial electricity grid.
- A program for income-eligible households that would provide energy saving measures and installation of measures at no cost to the participant.